INNOVATION
INTEGRATION
GROWTH

COMPANY PROFILE

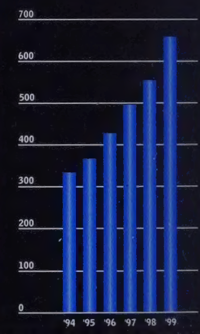
- **Royal Group Technologies Limited** is a vertically integrated manufacturer of technologically advanced, polymer-based home improvement, consumer and construction products.
- Royal's operations are located primarily in Canada and the U.S., with international locations in Mexico, Europe, South America and Asia. The operations, which operate as individual profit centers, are arranged into two Segments: The Home Improvement, Consumer and Construction Products Segment and The Materials, Machinery, Real Estate and Transportation Segment.
- During 1999, Royal introduced a new reporting structure, breaking its business into two segments to provide greater insight for investors with respect to the financial performance of its product and support operations. The new structure illuminates the important contribution of Royal's extensive vertical integration.
- The **Home Improvement, Consumer and Construction Products Segment** is composed of the following product lines:
  i) Home Improvement Products consist of a broad range of extruded PVC products, including window profiles, fencing, decking, siding and residential doors. These products are primarily sold to fabricators and specialty building product distributors that are oriented to the renovation trade.
  ii) Consumer Products consist of a broad range of extruded and injection molded products including window coverings, outdoor storage solutions, indoor storage solutions and patio furniture. These products are primarily sold to home-owners through retail home improvement chain stores.
  iii) Construction Products consist of a component-based building system known as The Royal Building System™ which is used to construct a broad array of residential, commercial, industrial, institutional and agricultural structures, as well as pipe and fitting systems. These products are primarily utilized in construction of new structures and infrastructure for real estate development. Sales occur through a network of contractors and distributors.
- **The Materials, Machinery, Real Estate and Transportation Segment** provides materials, equipment, tooling, real estate and logistical services to the Home Improvement, Consumer and Construction Products Segment, facilitating superior customer service, rapid product development and a low cost structure. PVC resin and chemical additives are manufactured and utilized to produce compounds used by operations producing finished products. Plastic materials are recycled using proprietary processes. Equipment is designed and manufactured internally, including computerized material handling systems. Transportation, research and development, plant construction and property management services are provided by the Group.

CONTENTS

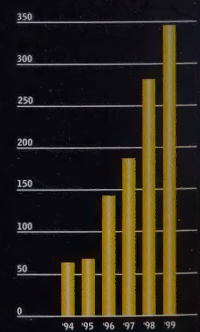
Cover: Royal Show booth featuring Window Profiles, Siding, Conservatories/Sunrooms, Decking, Patio Doors and Garden Furniture.

A MULTI-DIMENSIONAL GROWTH COMPANY

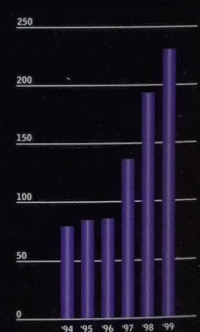
Royal Group Technologies Limited is a vertically integrated manufacturer of technologically advanced, polymer-based home improvement products, consumer products and construction products.



HOME IMPROVEMENT PRODUCTS



CONSUMER PRODUCTS



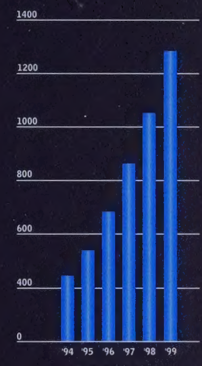
CONSTRUCTION PRODUCTS

FINANCIAL HIGHLIGHTS

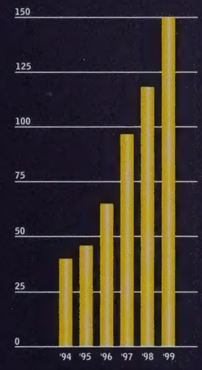
Years ended September 30, 1999 and 1998
(in $000, except per share amounts)

	1999	1998 [6]	1997 [6]
CORPORATE OPERATING RESULTS			
Net sales	**$ 1,282,004**	$1,050,103	$ 848,741
Operating margin	**329,102**	251,000	199,428
Earnings from operations	**230,591**	183,350 [5]	146,649
Net earnings	**149,969**	118,993 [5]	91,663
Cash flow [2]	**243,844**	186,915	143,488
PER SHARE DATA			
Diluted earnings per share	**$ 1.72**	$ 1.41 [5]	$ 1.11
Basic earnings per share	**$ 1.75**	$ 1.41 [5]	$ 1.13
Basic cash flow per share	**$ 2.84**	$ 2.22	$ 1.78
CORPORATE FINANCIAL POSITION			
Working capital	**181,218**	198,632	228,933
Capital spending	**270,004**	300,607	215,627
Shareholders' equity	**913,201**	779,554	616,552
Invested capital [3]	**1,680,695**	1,298,823	945,193
Total assets	**1,980,358**	1,501,400	1,136,605
CORPORATE FINANCIAL RATIOS (%)			
Current ratio	**145%**	177%	252%
Funded debt [4] to invested capital	**45%**	38%	32%
Operating margin	**26%**	24%	23%
Return on sales	**12%**	11% [5]	11%
Return on average shareholders' equity	**18%**	17% [5]	16%

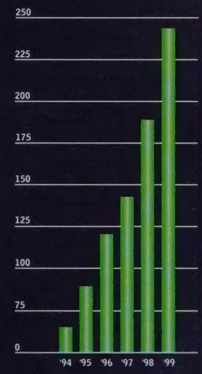
(1) 1994 pre IPO net earnings and operating margin adjusted on a pro-forma basis
(2) Earnings before minority interest plus items not affecting cash
(3) Aggregate of shareholders' equity, minority interest, funded debt less cash on hand
(4) For the purposes of the calculation funded debt is reduced by cash on hand
(5) Before 1998 $2,900 writedown of land held for development
(6) Fiscal 1998 and 1997 have been restated to reflect the change in accounting method for product developments and start-up costs as described in the notes of the consolidated financial statements



NET SALES
(in millions of dollars)

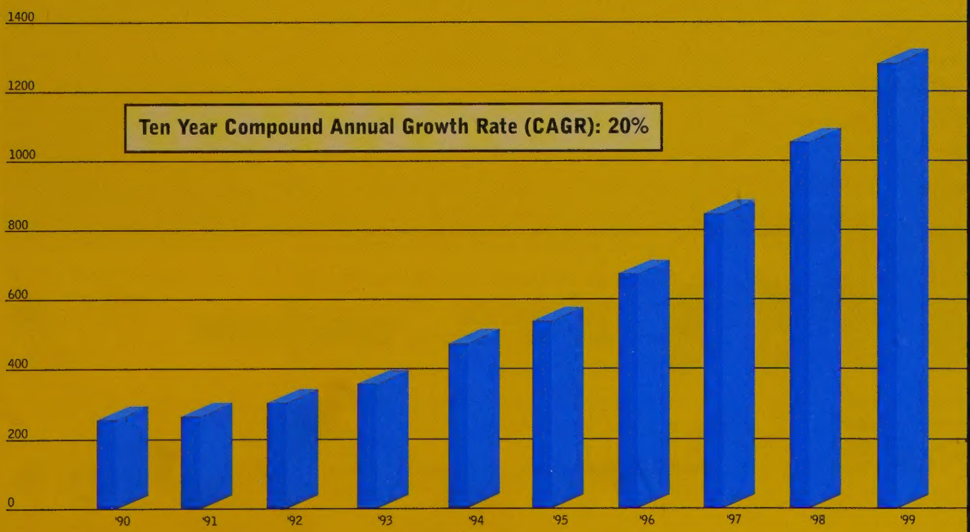


NET EARNINGS [1][5]
(in millions of dollars)



CASH FLOW
(in millions of dollars)

TEN YEAR NET SALES SUMMARY
(in millions of dollars)



ROYAL AT A GLANCE

PRODUCT LINES	ANNUAL NET SALES (IN MILLIONS OF DOLLARS) '94	'95	'96	'97	'98	'99
Home Improvement Products						
Custom Profiles	207	234	283	331	365	440
Siding	93	111	117	137	159	185
Residential Doors	21	24	27	30	30	37
Consumer Products						
Window Coverings	60	62	137	175	205	249
Outdoor Storage	-	-	3	14	35	52
Indoor Storage & Patio Furniture	-	-	-	-	37	49
Construction Products						
Royal Building System	-	-	9	18	63	61
Pipe & Fittings	79	85	78	106	114	148
Commercial Doors	-	-	-	13	16	20
TOTAL HOME IMPROVEMENT, CONSUMER AND CONSTRUCTION PRODUCTS SEGMENT	**460**	**516**	**654**	**824**	**1,024**	**1,241**
TOTAL MATERIAL, MACHINERY, REAL ESTATE AND TRANSPORTATION SEGMENT (ARM'S LENGTH SALES)	**7**	**19**	**21**	**25**	**26**	**41**
CONSOLIDATED NET SALES	**467**	**535**	**675**	**849**	**1,050**	**1,282**

THE YEAR IN REVIEW

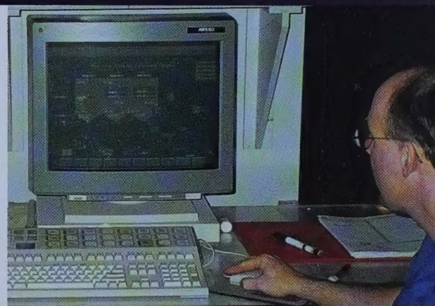
The continuous broadening of Royal's product lines and market coverage positions the Group for continued growth.

Thermoplast Acquisition

Window Coverings Acquisition

Pipe Fitting Acquisitions

Plastics News Processor of the Year Award



PVC Resin Plant Control Room

DECEMBER 15, 1998 — Royal Group completes acquisition of Imperial Oil's PVC resin manufacturing facility. Royal Group Technologies Limited (RYG: TSE, NYSE, ME) announced today that it has completed the acquisition of Imperial Oil's PVC resin manufacturing facility located in Sarnia, Ontario. Royal will utilize the entire 400 million pound per year capacity of the facility to satisfy the majority of its growing requirements for PVC resin.

FEBRUARY 23, 1999 — Royal Group has signed a letter of intent to acquire Thermoplast, a significant manufacturer of PVC window extrusions and patio doors. The company is principally involved in the extrusion of PVC window lineals for sale as window systems, and the extrusion and fabrication of PVC sliding patio door systems, for both the new construction and renovation markets in Canada and the northeastern United States.

MARCH 8, 1999 — Royal Group and Ultraframe enter joint venture for conservatories and sunrooms in North America. The joint venture's systems will involve a combination of Ultraframe's patented roofing systems with Royal's extruded PVC profiles, to construct affordable, attractive and maintenance-free additions to a wide range of residential and commercial buildings.

MARCH 16, 1999 — Royal Group acquires assets of window coverings manufacturer and forms strategic alliance. Royal Group Technologies Limited (RYG: TSE, ME, NYSE) announced today that it will acquire U.S. Polymers, Inc.'s U.S.A. based assets utilized to manufacture vertical, horizontal and foam extruded window coverings.

JUNE 21, 1999 — Royal Group signs letters of intent to acquire two pipe-fitting fabricators. Royal Group Technologies Limited announced today that it has entered into agreements to acquire 75% of the operating assets of the Le Ron Group of Companies and 100% of the issued and outstanding shares of Fabtech Fabricated Technologies Inc.

AUGUST 25, 1999 — Royal Group secures $C8.5 million order for The Royal Building System™. Royal Group Technologies Limited announced today that Royal Housing Systems Argentina (Ltd.) S.A. has received an order from Compañia Ericsson S.A.I.C. for components of The Royal Building System™ to be used in the construction of shelters for wireless telephone transmission centers.

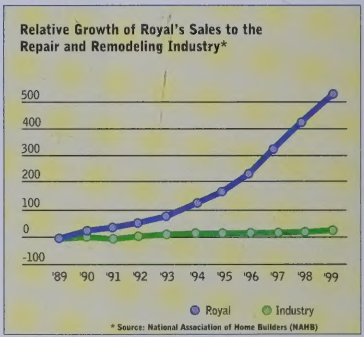
Royaltel® wireless telephone communication shelters sold to Ericsson S.A.

MESSAGE FROM THE CHAIRMAN

FISCAL 1999 WAS ANOTHER RECORD YEAR, CONCLUDING OUR FIRST FIVE YEARS AS A PUBLIC COMPANY WITH CONSISTENT, CONSECUTIVE INCREASES IN SALES AND PROFITABILITY.

Our accomplishments over the past five years include:

- ✓ Achieving average annual sales growth of 23%.
- ✓ Expanding EBITDA margins to 25.7% in 1999 from 24.2% in 1994.
- ✓ Generating a 27% average annual increase in net earnings.
- ✓ Successful expansion of vertical integration, including the assimilation of a PVC resin plant and development of multi-polymer recycling technology.
- ✓ Successful introductions of several new products, including The Royal Building System™, storage sheds, DuraSlate™ roof tiles, PVC fencing and decking.
- ✓ Increasing our presence in the U.S. marketplace by adding 5 plants and expanding all others.



Over the past five years, Royal has evolved from being a leading North American PVC building product extruder, to a manufacturer of innovative, polymer-based, home improvement, consumer and construction products. Along the way, we have strengthened our marketing capability, as our growth in consumer products illuminates. We have also developed increasing international presence, evidenced by our international sales growth. Finally, we have continued to expand our vertical integration, strengthening our edge on competitors.

As a result of this carefully planned strategic evolution, Royal has experienced consistent financial performance and is increasingly positioned to enjoy broad-based growth in various market and economic conditions.

Home Improvement, Consumer and Construction Products

The North American Home Improvement Industry continues to grow, as existing homes and their owners age. With age, quality of life has become more important to homeowners, prompting them to make improvements or enhancements to their homes.

During 1999, Royal's Home Improvement Products experienced robust growth as a result of these demographic trends, coupled with successful new product introductions and distribution channel leverage. Recently introduced products, such as CedarSolid™ high tech laminate siding and PVC fencing and decking, experienced accelerating growth as they graduated from the introduction phase to the growth phase of their life cycles.

New products, such as DuraSlate™ roof tiles as well as Royal Ultraframe conservatory systems are being introduced rapidly, through Royal's extensive distribution networks. We have only begun to scratch the surface of the $5 billion residential roofing market and the $10 billion dollar conservatory/sunroom market.

During 1999, consumer product sales were $350 million, up from $60 million in 1994. Today, we offer a broad package of maintenance-free window coverings, storage solutions and patio furniture through major North American retail chain stores.

Our approach to consumer markets involves establishing category-leading positions with unique Royal branded products, while offering chain stores critical mass and industry leading order fill rates. The success of our strategies is reflected by over 3500 new retail stores carrying our products in 1999.

We have recently completed construction of a 500,000 square foot distribution warehouse, primarily to allow us to efficiently serve the growing needs of our retail customers. This warehouse, combined with capacity expansions underway at consumer product plants, leaves us well prepared to capitalize on the wave of growth being experienced in this channel.

1999 was a year of focus for The Royal Building System™; focus on those applications of the System and those geographic markets providing volume potential. The success of our target marketing program is best illustrated by the acceptance of our Royaltel® wireless telecommunication structures with telecommunications technology providers, such as Ericsson. First introduced in Argentina, Royaltel® structures are now being utilized in large-scale Argentine projects and on a prototype basis in Mexico, Colombia, Brazil and China.

Plants in Mexico and Argentina are on track to make a contribution in 2000, their third year of operation. Activity levels at our plants located in China and Poland continue to build as they enter their first full year of operation.

Left to right: Sergio De Zen (Senior Executive Vice President and C.O.O), Vic De Zen (Chairman, President and C.E.O) and Jim De Zen (Assistant to C.E.O.)

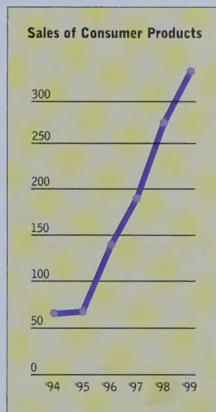
We firmly believe that the many applications of the System combined with established worldwide distribution, provide a solid foundation for us to reach our goals over time. Further, each of our foreign plants has been equipped to produce building products as well as the System, providing us with additional avenues to meet our goals.

Positioned To Outperform

Over the past five years, we have developed numerous innovative new products and markets, providing us with full confidence that we can continue to grow at rates in excess of 20%.

At the outset of 1999, we concluded the acquisition of Imperial Oil's PVC resin plant located in Sarnia, Ontario. The acquisition has proved very timely, given recent rises in PVC resin prices. The transition has gone very smoothly and a number of efficiency improvement programs have been successfully implemented. Industry outlooks point to continued tight markets for PVC resin through the medium-term, leaving Royal in a strong position vis-à-vis non-integrated competitors.

In recent months, we significantly advanced the commercialization of our new plastic recycling technology. We have constructed a new plant which will allow us to satisfy growing demand for our simulated slate roof tiles that are being successfully introduced through our siding distributors to home owners seeking long-lasting, upscale roofing products. The initial capacity of the plant is 10 million tiles per year. Other products using our recycling technology will be commercialized this year.



As part of our growth strategy, we have focused on strengthening our core building products offering by making small acquisitions that enhance our position. This focus continued in 1999, with the acquisitions of pipe fitting and custom profile companies that have served to broaden product offerings, extend distribution and lever Royal's extensive vertical integration. While these acquisitions were not large in size, they have significantly enhanced the value-added provided to customers.

The development of our 205-acre industrial park in Ontario is well underway, with approximately 1 million of 4 million square feet of manufacturing space already erected. This project will allow us to expand our custom profile and siding businesses, while at the same time reducing distribution costs and increasing manufacturing efficiency.

One of my primary responsibilities as C.E.O. is the development of our people. Our organization is being enriched by consolidation of certain operations under leadership with a single focus and management development programs. These human resource initiatives are aimed at providing us the people we need to grow, while maintaining Royal's entrepreneurial culture.

Multiple Growth Strategies

Since becoming a public company, we have made significant investments in product development, vertical integration and production capacity expansion. These investments serve as a foundation for the successful execution of our growth strategies:

- ✓ Pursuit of increased share of North American home improvement and consumer product markets.
- ✓ Leveraging existing distribution networks through the rapid introduction of new products.
- ✓ Increasing penetration of international markets with home improvement products.
- ✓ Continuing the roll out of The Royal Building System™ in commercial, industrial, institutional and residential markets around the world.

As the events of the last five years demonstrate, we are working very hard to deliver consistent results. We remain focused on building a broad-based growth company, capable of outperforming in various market and economic conditions.

Thank you for your support.

V. De Zen

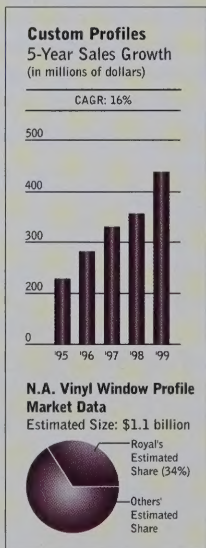
Vic De Zen
January 3, 2000

HOME IMPROVEMENT, CONSUMER AND CONSTRUCTION PRODUCTS SEGMENT

HOME IMPROVEMENT PRODUCTS

CUSTOM PROFILES

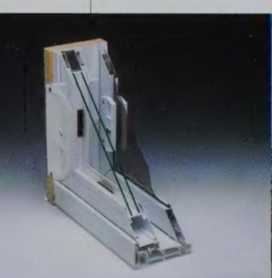
Royal's Custom Profile products incorporate extruded vinyl profiles used in window framing, fencing, decking, door framing, appliance, furniture and transportation industries. Today, the majority of sales are into the North American window profile market, where Royal commands the dominant share of the billion-dollar marketplace.



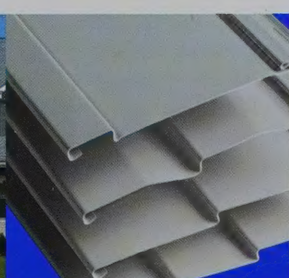
During the last 5 years, the vinyl window profile market has grown at an estimated average annual rate of 10%, as home owners increasingly opted for window framing materials requiring no maintenance, allowing abundant design possibilities and providing excellent thermal protection. Industry reports estimate future growth of approximately 8% per year, recognizing continued popularity of vinyl in renovation markets and increasing popularity in new construction markets as homeowners demand longer-lasting dwellings.

Royal has outpaced industry growth, posting a 16% average annual rate of growth over the last five years. Royal's success in gaining market share can be partly attributed to its vertical integration. Integration allows Royal to design and fabricate tooling for custom window systems more rapidly than non-integrated competitors. It allows Royal to bring an ever-changing array of colors to market faster than competitors who do not have chemical additive and compounding facilities. Accordingly, Royal is well established as the design leader in the window profile business, offering its fabricator customers an on-going ability to introduce unique new products.

The value-added offered to window profile fabricators was further enhanced in 1999 when a joint venture agreement was secured with Ultraframe PLC of Lancashire, UK to manufacture and market conservatory and sunroom systems in North America. The joint venture's systems involve a combination of Ultrafame's patented roofing systems with Royal's PVC profiles to construct affordable, attractive, maintenance-free conservatories to a wide variety of residential and commercial buildings. The joint venture, named Royal Ultraframe Limited, commenced operations in April and is presently marketing the structures through Royal's extensive network of window profile fabricators.

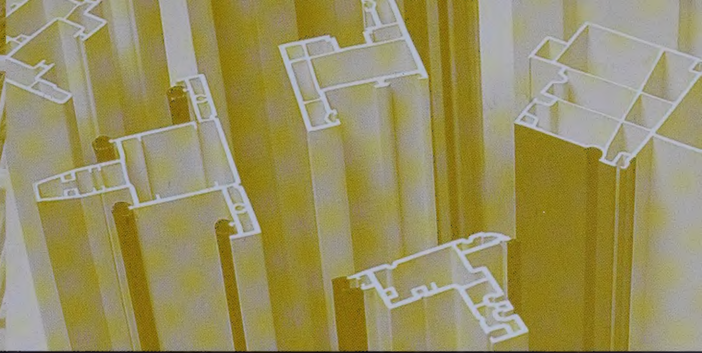

Custom Profiles


Siding


Siding


Residential Doors


Roof Tiles



During 1999, Royal's Home Improvement Products experienced robust growth as a result of favorable demographic trends, successful new product introductions and distribution channel leverage.

Royal recently acquired Thermoplast Inc., a Montreal based extruder of window and patio door profiles, having sales of 28 million in 1998. Thermoplast has increased Royal's penetration of both markets and has served to increase throughput in Royal's support operations.

PVC fencing and decking represents the second largest component of Royal's Custom Profile product line. PVC fencing and decking markets are often referred to as two of the fastest growing segments of the building products industry, with growth emulating that experienced by vinyl siding and windows in the early stages of their life cycle decades ago.

Today, vinyl represents less than 3% of the estimated $7.5 billion dollar North American fencing and decking marketplace, creating attractive potential as consumers are made aware of vinyl's durability and ease of maintenance. Royal branded PVC fencing and decking is sold through an ever-broadening network of fabricators and dealer/installers. The Royal brand is positioned as high quality, with a large selection of styles. This positioning combined with three nimble North American manufacturing locations, situates Royal for continued industry leading growth.

SIDING

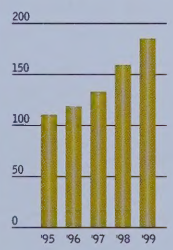
Over the past five years, Royal's siding products have grown at an average annual rate of 15% per year, almost double the estimated industry growth rate of 9%.

Royal's success in gaining market share can be attributed to the popularity of its innovative line of siding products with home owners and to an increasing network of distributors being enticed by opportunities to distribute other innovative Royal building products.

In recent years, many new upscale siding products have been introduced, such as the high tech laminate series of Cedar Solid™ products, offering the charm of a wood grain finish in darker colors such as Barn Red, Hampton Blue and Chesapeake Green. These products experienced significant sales growth momentum in 1999, as they graduated from the introduction stage of their life cycle to the growth stage. Sales growth was further enhanced by new product introductions in 1999, including Suprema premium seamless vinyl siding that measures over 3 times the length of conventional siding and provides the distinction of smooth unbroken lines.

Siding
5-Year Sales Growth
(in millions of dollars)

CAGR: 15%



N.A Vinyl Siding Market Data
Estimated Size: $2.5 billion

Decking

Fencing

- **Home Improvement products are primarily sold through fabricators and specialty building product distributors oriented to the renovation trade.**

ARCHITECTURAL SERIES

BROCK DOCK

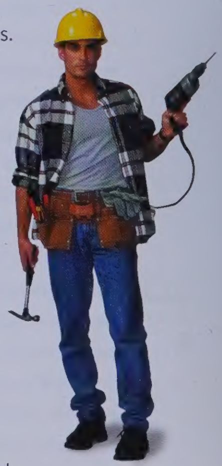
Royal Patio Doors Limited

HOME IMPROVEMENT, CONSUMER AND CONSTRUCTION PRODUCTS SEGMENT

Above: DuraSlate™ roof tiles.
Below: Royal Ultraframe conservatories/sunrooms.

HOME IMPROVEMENT PRODUCTS (CONT.)

During 1999, Royal experienced an increase in the number of distributors marketing its products, as a result of product popularity and packaging of siding products with other unique building products. Today, siding distributors have access to Royal's leading line of PVC fencing and decking as well as attractive, affordable and durable DuraSlate™ roof tiles. Royal continues to offer its distribution network an ever-increasing number of ways to access incremental revenue.



Royal's siding business will enter the new millennium with a world class, state-of-the-art manufacturing facility being constructed in Ontario. This facility, coupled with the impending launch of an innovative exterior wall cladding system and continuing development of other siding products, positions the siding business to continue to outperform.

DOORS

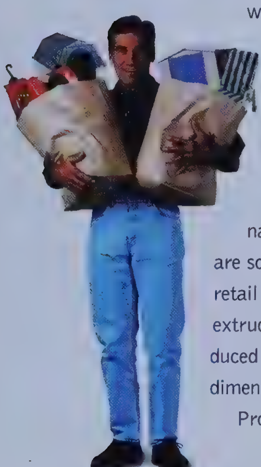
Royal manufactures vinyl patio doors and steel entry doors, which are primarily distributed to the renovation marketplace through a network of window profile fabricators. Patio and steel entry doors serve to complement Royal's extensive line of vinyl window profiles. Royal also manufactures a line of steel doors primarily utilized in new commercial construction.

Many innovative niche products were developed during 1999, including the RoyalWood™ series of vinyl sliding glass patio doors. RoyalWood™ doors combine the richness and distinction of an unblemished wood grain finish with ease of maintenance of plastic. The laminating process used to make these doors is considered to be the most sophisticated advanced process available today, giving homeowners the ultimate quality crafted wood grain patio door available in the market today.

CONSUMER PRODUCTS

WINDOW COVERINGS

Royal's window covering business has grown from $60 million in 1994 to $249 million in 1999, representing a compound annual growth rate of 32%. The window coverings business has significantly outpaced growth in the hard window coverings marketplace, as a result of innovative new product introduction, distribution system expansion and strategic acquisitions.



During 1999, a series of new products were introduced, including the Town and Country line of coordinated horizontal and vertical blinds that are sold in popular sizes through major retail chain stores. In addition, a line of extruded foam horizontal blinds was introduced that provide unmatched durability and dimensional stability.

Products introduced in previous years, such as the SFT Eclectics™ series of soft touch blinds, gained sales momentum as they graduated from the introduction to growth phases of their life cycles. Royal's position as a fashion leader has been enhanced by the introduction of industry leading designer collections incorporating the latest interior decorating color trends.

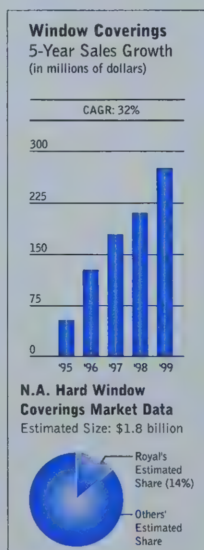
In mid year, Royal acquired the assets of US Polymers Inc. utilized to produce vertical, horizontal and foam extruded window coverings. The acquisition was quickly integrated into Novo's window covering plant in Houston, Texas; thereby adding to the plant's efficiency. The acquisition served to broaden product lines and expand distribution in North America.

Above: Gracious Living indoor storage and pet care products.
Below: Window coverings.

HOME IMPROVEMENT, CONSUMER AND CONSTRUCTION PRODUCTS SEGMENT

CONSUMER PRODUCTS (CONT.)

Royal's window covering products continue to penetrate foreign markets where consumers will benefit from the sunlight and heat blocking properties of blinds. This strategy has proven highly successful, with Royal window coverings now sold in over 30 countries around the world. A small manufacturing facility was opened in Brazil during 1999, adding to Royal's marketing momentum along the eastern coast of South America. Active consideration is being given to starting a small manufacturing facility in Southern Europe.

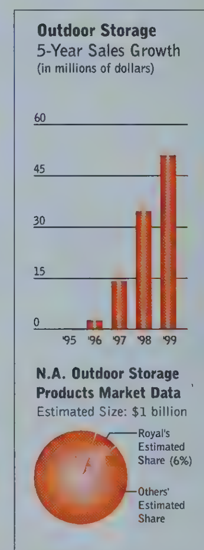


The combination of a leading product line, with efficient manufacturing facilities and increasing geographic diversification positions Royal's window coverings to continue to outperform.

OUTDOOR STORAGE SOLUTIONS

During 1999, Royal evolved from being a marketer of premium storage sheds to a marketer of a broad line of backyard storage solutions. Royal's product offering now ranges from a 150 square foot Premier™ shed large enough to accommodate a garden tractor, to a 12 square foot YardMate™ garbage can container strong enough to keep out raccoons.

All products provide homeowners with an easy to assemble, durable, maintenance-free product. In fact, purchasers of the 48 square foot YardMate™ backyard shed are finding they can assemble it in less than one hour.



The Premier™ line of storage sheds, first introduced in 1996 as an alternative to maintenance-intense woodsheds, has experienced strong annual increases in demand. Sales were enhanced in 1999 by the introduction of larger models developed in response to consumer demand.

Window Coverings

Window Coverings

Premier™ Storage Solutions

YardMate™ Storage Solutions

Gracious Living Patio Furni

Royal's expanding line of innovative consumer products is enjoying explosive growth.

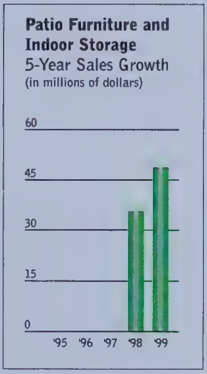
YardMate™ storage solutions, which are smaller than the traditional Premier™ line and are oriented to the value segment of the market, were introduced in mid 1999. Home improvement retailers across North America now offer 6 different YardMate models ranging in size from 12 square feet to 64 square feet. YardMate™ products will be aggressively merchandised in stores at the outset of the spring buying season.

An ever-increasing line of storage solution accessories is being marketed, including windows, shutters, storage shelves and skylight kits. A shed base manufactured from durable recycled polymer materials will be added to the line in 2000.

The popularity of these products is reflected by 350 new stores commencing distribution of our sheds in 1999. Further increases in distribution are expected in 2000.

PATIO FURNITURE AND INDOOR STORAGE SOLUTIONS

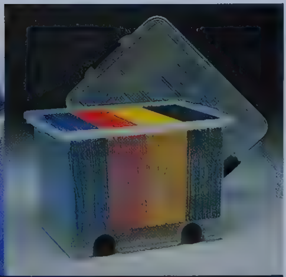
Royal manufactures and markets injection molded home improvement products, primarily patio furniture and indoor storage solutions. Products are sold through retail chain stores, including Walmart, Target, Sam's Club, Lowe's and Canadian Tire.



Since the acquisition of Gracious Living in January 1998, a number of new products have been introduced, capacity has been increased and distribution has been expanded. Gracious Living moved into a new state of the art injection molding facility in January of 1999 and during the course of the year capacity was expanded by over 50% to accommodate increasing demand. The capacity expansion enabled significant broadening of distribution, evidenced by the addition of 15 retail chains representing an addition of over 3300 retail stores.

During 1999, a line of pet care products including doghouses, cat litter bins and feeding trays were developed and are being introduced for the year 2000. This new product category, coupled with innovative core product introductions and capacity expansion, positions Gracious Living for continued growth.

l care products



Gracious Living Storage Bins

- **Consumer products are primarily sold to home-owners through retail home improvement chain stores.**

PREMIER SERIES   Frontier LES STORES / BLINDS INC   INTERSTOCK IMPORT / EXPORT

HOME IMPROVEMENT, CONSUMER AND CONSTRUCTION PRODUCTS SEGMENT

CONSTRUCTION PRODUCTS

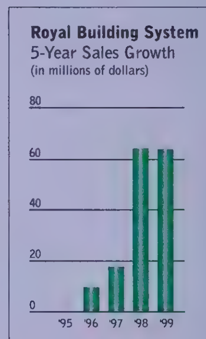
THE ROYAL BUILDING SYSTEM™

The Royal Building System™ is a patented Concrete Forming Technology (CFT) consisting of rigid polymer components that serve as a formwork for concrete load bearing walls, non-load bearing walls (i.e. curtain walls), shear walls, retaining walls and foundation walls. The extruded components slide and interconnect together to create a finished formwork that remains in place after the concrete is poured and cured.

Applications for the technology are extensive and include residential units, garages, basements, institutional, commercial and industrial buildings, agricultural facilities and retaining walls among others. The advantages of this integrated building technology include fast-track construction, ease of design, superior energy efficiency and long term durability.

During 1999, a variety of new niche market applications for the System were developed that will rollout in 2000, which will provide additional sources of revenue. These applications include mausoleums, sport and entertainment centers, retaining walls, sea walls and road barriers.

1999 was a year of product repositioning for The Royal Building System™ as the technology was repackaged and enhanced to take full advantage of its superior benefits as a concrete forming wall system. To compliment this strategy new target markets and applications were clearly identified and pursued. As a result, 1999 became a year where in North America the ICI applications (i.e. industrial, commercial and institutional) of the System played a more prominent role. As of September 1999, projects have been built in over 30 States and 5 Provinces, including factories, car washes, agricultural facilities, convenience stores and strip malls.



In order to successfully reach the various target markets, Royal launched an aggressive marketing campaign to target builders, contractors and architects throughout North America. The theme of the campaign, "find out how buildings should be built", was developed and promoted via a new web site (www.rbsdirect.com) in conjunction with a direct mail campaign and increasing presence at key trade shows. The North American sales organization was staffed and realigned according to the vertical market segments selected. Initial response has been very positive, and increasingly, builders are turning to Royal in search of innovative solutions to their construction needs.

1999 witnessed the ramp-up of the plant in Poland that now when added to the 5 existing regional bases


Agricultural Building


Apartment Building


Mexico School House


Royal Cargo™

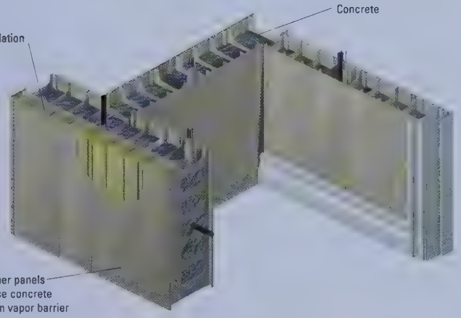

Royaltel®

Applications for the technology are extensive and include residential units, garages, basements, institutional, commercial and industrial buildings, agricultural facilities and retaining walls among others.

(Canada, Argentina, Colombia, Mexico and China) provides Royal with one of the most strategically positioned manufacturing networks in the building industry.

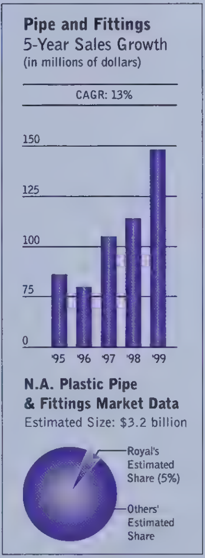
This core strength of manufacturing centers around the world, positions Royal to take advantage of global sales opportunities. For example, the Royal Car Wash Program, developed in conjunction with Shell Oil, and the Royaltel® Communication Buildings developed for Ericsson, can easily be manufactured and marketed around the world from the various Royal manufacturing facilities. As a result, global customers benefit from competitive pricing and local supply, while maintaining similar strict quality standards and product features.

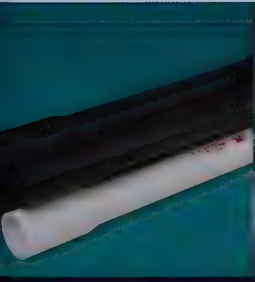
THE ROYAL BUILDING SYSTEM™



PIPE AND FITTINGS

Royal's pipe and fitting products have grown at an average annual rate of 13% over the past five years, outpacing estimated industry growth of 2%. Royal's success is a result of a carefully planned strategy to assemble a complete package of pipe and fittings. This strategy has resulted in the evolution of a commodity-oriented pipe business into a high value-added pipe and fittings systems business. The culmination of this strategy was recognized in 1999 with the amalgamation of the marketing efforts of Royal's five pipe and fittings companies under the trade name Royal Pipe Systems.





Pipe

Fittings

- **Construction Products are marketed through a network of contractors and distributors oriented to the construction trade.**

Royal Pipe Systems

Roycet
ROYAL CONCRETE ENCASED TECHNOLOGIES INC.

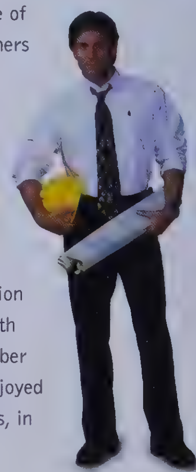
THE ROYAL BUILDING SYSTEM™

HOME IMPROVEMENT, CONSUMER AND CONSTRUCTION PRODUCTS SEGMENT

Above: Roycet™ Building System in an industrial application.
Below: Roycet™ Building System in an office building application.

CONSTRUCTION PRODUCTS (CONT.)

In pursuit of an even more complete line of pipe and fittings, Royal recently acquired 75% of the operating assets of the Le Ron Group of Companies and 100% of the outstanding shares of Fabtech Fabricated Technologies. Both companies fabricate large diameter pipe fittings for municipal water and pipe systems, allowing marketing of a broader line of pipe and fittings; thereby providing customers with an efficient and reliable source for municipal piping systems.

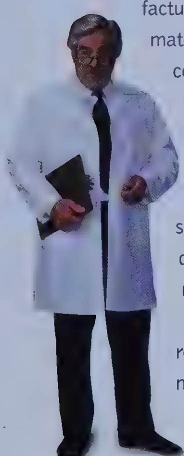


Royal has enjoyed increasing shares of the municipal piping and plumbing segments of the pipe market and until 1999 was a fringe player in the electrical conduit segment of the market. During 1999, Royal significantly accelerated its penetration of the electrical segments of the market with the introduction of a high tech jacket for fiber optic cable protection. This product line enjoyed rapid acceptance by communications giants, in Canada and the U.S.

Royal is well positioned to continue to outpace the industry as a result of its complete pipe and fittings system offering and its growing position in the exploding cable protection marketplace.

MATERIAL, MACHINERY, REAL ESTATE & TRANSPORTATION SEGMENT

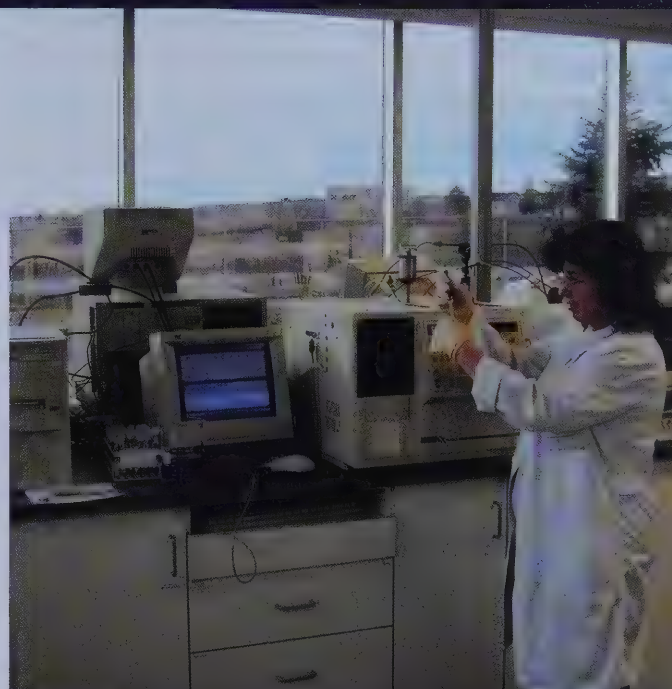
ROYAL'S NUCLEUS



The Materials, Machinery, Real Estate and Transportation Segment provides raw materials, equipment, real estate and transportation services to the three business units. PVC resin and chemical additives are manufactured and utilized to produce compounds utilized by the business units. Equipment is designed and manufactured internally, including computerized material handling systems. Transportation, plant construction services, as well as research and development are provided by the Group.

The Materials, Machinery, Real Estate and Transportation Segment functions as the nucleus of Royal, facilitating superior customer service, rapid product development, continuous process improvement and a low cost structure. This vertical integration allows Royal to more rapidly respond to a customer's specific needs than a non-integrated competitor who relies on outside suppliers not geared for response to specific needs. For example, Royal can very quickly introduce new colors to its product lines because pigment systems and compounds are manufactured internally.

All companies within the Materials, Machinery, Real Estate and Transportation Segment function as individual profit centers, transferring their goods and services at market prices to the business units which manufacture finished products. Accordingly, profit is realized at each level of the value chain, resulting in superior profitability for Royal.



Above: Formulation technology, Reagens Canada.
Below: PVC resin manufacturing.

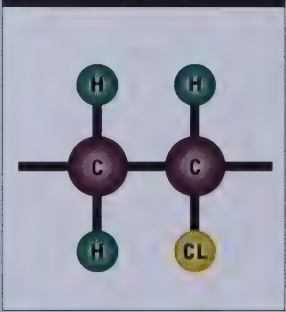
MATERIAL, MACHINERY, REAL ESTATE & TRANSPORTATION SEGMENT

ROYAL'S NUCLEUS (CONT.)

Extensive research and development activity occurs within the Materials, Machinery, Real Estate and Transportation Segment, providing on-going renewal of existing product lines, continuous development of new products and continuous improvement of production processes.

During 1999, Royal took a major step forward with its vertical integration program, adding the capacity to produce PVC resin through the acquisition of Imperial Oil's plant located in Sarnia, Ontario. The acquisition proved very timely, given recent rises in PVC resin prices. Efficiency at the facility was dramatically increased after the takeover as a result of full utilization of its 400 million pound per year capacity, rationalization of the product line to produce only two grades of resin tailored to Royal's specific needs and implementation of a series of employee initiated improvement programs.

PVC molecule.

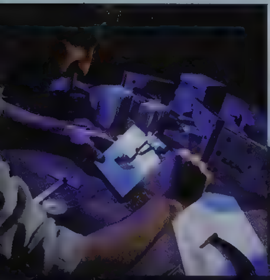


During 1999, a 50% increase in capacity to produce compound was completed at the Woodbridge compound plant. In addition, compound capacity in Texas was almost doubled. PVC recycling capacity is in the process of being increased from 50 to 100 million pounds per year.

Major expansion of the Reagens chemical facility was initiated in 1999. Capacity to produce lubricants for PVC compounds was increased by 50%. Capacity to produce specialty PVC compounds was increased by 33%. As this report goes to print, a new world-class, chemical analysis and development laboratory is under construction at the Reagens plant, which will further enhance Royal's ability to introduce materials into its products that process faster and have superior performance characteristics.

Royal's tool making and machinery development capabilities were significantly enhanced during the year. A manufacturer of injection molds was acquired to enable rapid development of new injection molded products and to protect proprietary injection molding technology. In addition, extrusion die making capabilities were increased throughout Royal.

The Materials, Machinery, Real Estate and Transportation Segment continues to create an edge for Royal against its competition. In addition, the Segment is being leveraged as Royal grows, providing an important input to maintenance of profitability.



Tooling Design & Development

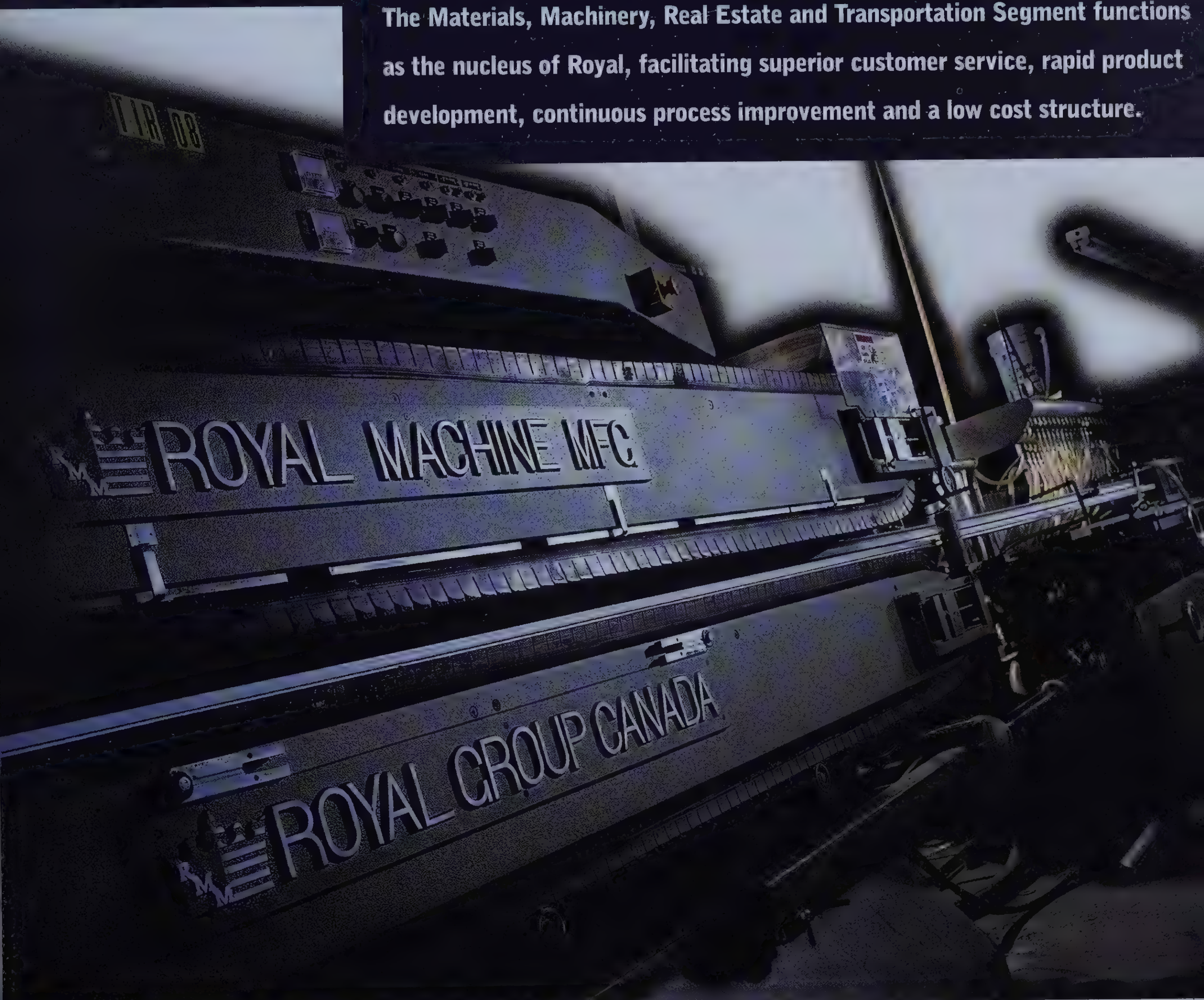
Chemical additives manufacturing

Compound manufacturing

Transportation

Computer assisted design

The Materials, Machinery, Real Estate and Transportation Segment functions as the nucleus of Royal, facilitating superior customer service, rapid product development, continuous process improvement and a low cost structure.




Research, development & testing


Formulation technology

- The Machinery, Materials, Real Estate and Transportation Segment provides materials, equipment, real estate and transportation services for production of home improvement, consumer and construction products.

Royal is substantially engaged in the manufacture and distribution of polymer-based home improvement, consumer and construction products for sale in the North American renovation, remodeling and new construction industries, and more recently in international markets. Royal is a vertically integrated, innovative, technology based growth company and a low cost producer in its industry.

RESULTS FROM OPERATIONS

The following discussion has been prepared by management and is a review of the Company's operating results and financial position for the years ended September 30, 1999, 1998 and 1997 and based upon accounting principles generally accepted in Canada. All amounts are in Canadian dollars unless specified otherwise. This discussion and analysis of the Company's operations have been derived from and should be read in conjunction with the Consolidated Financial Statements and accompanying notes thereto appearing elsewhere in this Annual Report. During fiscal 1999, the Company changed its policy for accounting for product development and start-up costs so that the Company's earnings under Canadian GAAP would be more comparable with U.S. competitors'. Accordingly, these costs will be expensed as incurred rather than capitalized and amortized. For Canadian GAAP purposes this change was applied retroactively as disclosed in note 1 (g) of the consolidated financial statements.

The following table discloses the Company's Statements of Earnings (in thousands of Canadian dollars, except per share amounts) for the years ended September 30, 1999, 1998, and 1997.

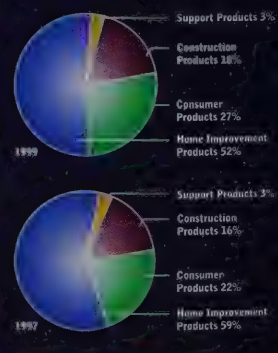
	1999	1998	1997
Net Sales	**$ 1,282,004**	$ 1,050,103	$ 848,741
Cost of sales and operating expenses	**(952,902)**	(799,103)	(649,313)
Operating margin	**329,102**	251,000	199,428
Operating margin percentage	**25.7%**	23.9%	23.5%
Amortization	**(67,134)**	(50,033)	(43,624)
Interest and financing charges	**(31,377)**	(17,617)	(9,155)
Land write down	**-**	(2,900)	-
Earnings from operations	**230,591**	180,450	146,649
Income taxes	**(79,182)**	(64,712)	(52,721)
Earnings before minority interest	**151,409**	115,738	93,928
Minority interest	**(1,440)**	355	(2,265)
Net Earnings	**149,969**	116,093	91,663
Basic Earnings per share	**$1.75**	$1.38	$1.13
Basic Earnings per share prior to land write down in fiscal 98	**$1.75**	$1.41	$1.13
Weighted average number of outstanding shares	**85,862,042**	84,214,148	80,857,502

Currently the Company operates substantially in the North American renovation, remodeling and construction markets, which are seasonal. Accordingly, approximately three-fifths of Royal's net sales and operating margin and two thirds of its net earnings occur in its last two quarters. As such, sales, operating margins and net earnings as a percentage of sales have historically been significantly different in the earlier quarters, or on a by-quarter basis, as compared to an annualized amount or rate. For the purposes of the following discussion EBITDA equals operating margin as shown above.

CORPORATE PROFILE

- **A vertically integrated manufacturer of technologically advanced, polymer-based home improvement, consumer and construction products.**
- **Located primarily in Canada & U.S.A., with plants in Europe, South America and Asia.**
- **Sales growth has averaged 20% per year over last 10 years.**
- **EBITDA margins averaged 23.5% over last 10 years.**
- **Shareholders' Equity expanded from $337 million in F95 to $913 million in F99**

SALES BY PRODUCT LINE (percentage)



YEAR ENDED SEPTEMBER 30, 1999 AS COMPARED TO THE YEAR ENDED SEPTEMBER 30, 1998

NET SALES

Overall Net Sales:

Net sales for the year ended September 30, 1999 increased $231.9 million or 22% to a record $1.3 billion, up from $1.05 billion in 1998. The overall sales increase was primarily due to unit volume increases as selling prices were relatively stable during the fiscal year. Acquisitions completed during the fiscal year accounted for 22% of the sales growth in 1999.

The following table summarizes net sales by segment:

	1999	1998	% change
Products Segment:			
Home Improvement Products	**662**	554	19%
Consumer Products	**350**	277	26%
Construction Products	**229**	193	19%
	1,241	1,024	21%
Support Segment	**539**	391	38%
Intra Group Elimination	**(498)**	(365)	61%
	1,282	1,050	22%

Home Improvement, Consumer and Construction Products Segment:

Home Improvement, Consumer and Construction Products segment ("Products Segment") sales for the year ended September 30, 1999 increased $217.8 million or 21% to $1.2 billion from $1 billion in 1998. Home improvement products had the segment's largest dollar increase at $107 million, primarily due to higher unit volumes sold in both custom profiles and siding, while the 19% growth rate significantly outpaced the NAHB's 5%, 1999 growth forecast for the North American repair and remodeling industry. During 1999 consumer product sales increased $72 million or 26% representing the largest percentage gain for the segment. This increase was lead by Royal's outdoor shed line with a 46% increase over the previous year.

Materials, Machinery, Real Estate and Transportation Segment:

Materials, Machinery, Real Estate and Transportation ("Support Segment") segment sales for the year ended September 30, 1999 increased $147.7 million or 38% to $538.9 million from $391.2 million in 1998. This significant increase was primarily due to increased sales, both internal and external sales in the material processing companies. Material processing sales increased due to the acquisition of Imperial Oil's PVC resin manufacturing facility and higher volumes sold of compound, chemical additives and recycled materials resulting from the significant expansion of capacities in the segment over the past few years.

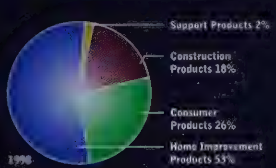
Geographic Sales distribution:

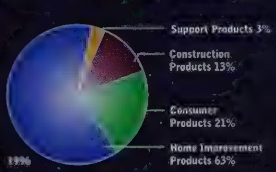
During fiscal 1999, sales to non-Canadian customers, including foreign-based sales and exports from Canadian operations increased slightly to 69.9% of total sales from 69.7% for the same period in 1998. Increases in sales volumes to US customers were offset against declines in exports to international locations due to a significant Russian contract in 1998, which due to Russia's financial crisis was not repeated and start-up delay's in the Poland and China operations.

Overall a sales growth rate consistent with recent past trends is expected in fiscal 2000 emanating from continued growth in demand for our current product lines, including contributions from the introduction of new products and/or applications.

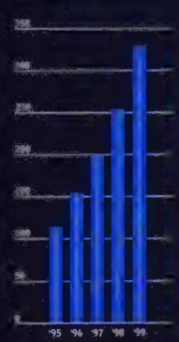
OPERATING MARGIN:

The Group's overall operation margin (or EBITDA) for the year ended September 30, 1999 increased by $78 million or 31% to $329.1 million compared to $251 million last year. EBITDA as a percentage of sales increased to 25.7% from 23.9% last year. Raw material costs as a percentage of sales decreased to 40% from 41.9% last year due primarily to the integration of the new resin facility. Labor and overhead costs as a percentage of sales remained unchanged at 13.3% and 8.6% respectively. Efficiencies gained by higher unit volumes were slightly offset by higher labor

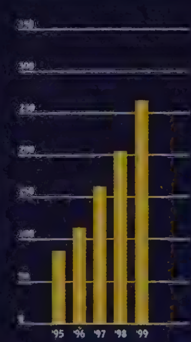




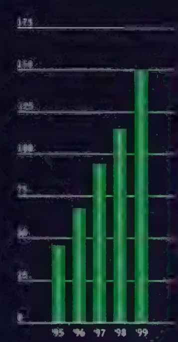
EBITDA
(in millions of dollars)



EBIT
(in millions of dollars)



NET EARNINGS
(in millions of dollars)



and overhead costs associated with the resin facility, which lowered the Group's overall raw material cost. Selling, general and administration cost as a percentage of sales increased by 0.6% to 17.7% from 17.1% last year. Selling costs increased to 11.2% from 10.4% while general and administration cost decreased to 6.5% from 6.7% last year. Selling increased due to new marketing program expenditures and slightly higher distribution and warehousing costs for the establishment of new products.

Product segment EBITDA for the year ended September 30, 1999 increased by $60.7 million or 40% to $211 million compared to $150.3 million last year. EBITDA as a percentage of sales increased to 17% from 14.7% last year. The increase was primarily due to higher unit volumes sold in all of the segment's product lines and to some extent was offset by continued ramp up in foreign operations.

Support segment EBITDA for the year ended September 30, 1999 increased $17.4 million or 17% to $118 million from $100.6 million in 1998. EBITDA as a percentage of sales decreased to 21.9% from 25.7% last year. This decrease was primarily due to higher average raw material, labor and conversion costs absorbed by the segment.

For fiscal 2000 management believes the Group's overall EBITDA as a percentage of sales should remain relatively stable and consistent with recent levels.

AMORTIZATION:

Amortization expense as a percentage of sales was 5.2% which is higher than the 4.8% experienced last year. This expense increased by $17.1 million from $50 million for the same period last year due to added capacities in both operating segments.

In the products segment amortization expense as a percentage of sales was 3.8%, which is higher than the 3.4% experienced last year. This expense increased by $12.6 million from $34.8 million for the same period last year due to added capacities for most of the segment's product lines.

In the support segment amortization expense as a percentage of sales was 3.6%, which is lower than the 3.9% experienced last year. This expense increased by $4.5 million from $15.2 million for the same period last year due to added capacities in the material processing companies.

INTEREST AND FINANCING CHARGES

Interest and financing charges increased as a percentage of sales, to 2.4% from 1.7% last year. Interest expense increased by $13.8 million from $17.6 million due to higher level of loan utilization for capital spending purposes as the Group's interest rates were relatively consistent with those experienced in 1998. During the year, Royal's capital expenditure program was financed with a combination of cash flow from operations and debt proceeds.

INCOME TAX EXPENSE

In fiscal 1999, income tax expense as a percentage of earnings before income taxes decreased to 34.4% from 35.9% due mainly to income earned in jurisdictions with a lower effective tax rate.

MINORITY INTEREST

Minority interest expense for fiscal 1999 increased over fiscal 1998 primarily as a result of the increased earnings reported in controlled affiliates.

NET EARNINGS AND EARNINGS PER SHARE

Net earnings in 1999, increased by $31 million or 26% to a record $150 million or 11.7% of sales from $119 million, excluding the $2.9 million non-cash land write down in fiscal 1998 or 11.3% of net sales for the previous year. Including the fiscal 1998 non-cash land write down, net earnings in fiscal 1999 increased 29% over 1998.

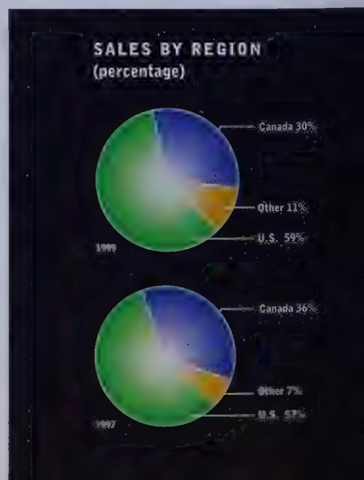
On a fully diluted basis, earnings per share for fiscal 1999 was $1.72. This is an improvement over the fiscal 1998 fully diluted earnings per share of $1.38, or excluding the non-cash land write down, net of income taxes of $1.41. The average number of shares outstanding for fiscal 1999 on a fully diluted basis was approximately 94.9 million or approximately 1.5 million higher than in fiscal 1998 primarily as a result of the issuance of shares under the Company's stock option plan.

YEAR ENDED SEPTEMBER 30, 1998 AS COMPARED TO THE YEAR ENDED SEPTEMBER 30, 1997

Net sales in 1998 increased 24% or $201.4 million over 1997 to $1.05 billion. Double-digit growth was recorded in each segment. The overall sales increase was primarily due to unit volume increases as selling unit prices were relatively stable during the period, excluding pipe products where lower average unit selling prices were experienced. Acquisitions completed during fiscal 1998 accounted for approximately $36.4 million of the consolidated growth.

Product segment sales for the year increased $204.3 million or 25% to $1 billion from $820 million in 1997. This increase was due to a 150% increase in Royal's outdoor shed line, the recent acquisition of Gracious Living, a manufacturer and distributor of patio furniture and indoor storage containers and a significant increase in international sales of the Royal Building System.

Support segment sales for the year increased $107.4 million or 38% to $391.2 million from $283.8 million in 1998.



This increase was primarily due to increased sales volumes as a result of the increased capacities in the compounding facility and the acquisition of a machine manufacturing facility.

Geographic diversification continued during fiscal 1998 as sales to non-Canadian customers, including foreign based sales and exports from Canadian operations, increased to 70% of total sales from 64% for the same period in 1997. This increase was primarily due to the Mexico & other segments growing to 14% of total sales from 7% in 1997 as a result of increased international sales activity.

Operating margin increased slightly in 1998 to 23.9% of sales compared to 23.5% from 1997. Raw material costs as a percentage of sales decreased to 41.9% from 42.6% in 1997 due to lower costs during the year. Labor costs as a percentage of sales increased to 13.3% from 13.1% due to start-up situations in foreign operations. For the same reason other overhead costs and selling, general and administration costs as a percentage of sales increased as a percentage of sales. Overhead costs increased to 8.6% from 8.4% and SG&A increased to 17.1% from 16.8% in 1997. Higher unit volume efficiencies were off set by start-up conditions in international operations.

Product segment EBITDA for the year increased by $29.6 million or 25% to $150.3 million compared to $120.7 million in 1997 due to higher volumes. EBITDA as a percentage of sales remained unchanged at 14.7%.

Support segment's EBITDA for the year increased $28.2 million or 39% to $100.6 million from $72.4 million in 1997. EBITDA as a percentage of sales increased slightly to 25.7% from 25.5% in 1997, due primarily to higher volume throughput.

Amortization expense as a percentage of sales was 4.8% which is slightly lower than the 5.1% experienced in 1997. This expense increased by $6.4 million from $43.6 million for the same period in 1997, due to added manufacturing capacities in both operating segments.

In the products segment amortization expense as a percentage of sales was 3.4%, which is slightly higher than the 3.1% experienced in 1997. This expense increased by $9 million from $25.8 million for the same period in 1997 due to added capacities in the segment.

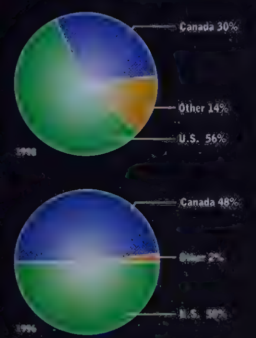
In the support segment amortization expense as a percentage of sales was 3.9%, which is slightly higher than the 3.3% experienced in 1997. This expense increased by $5.8 million from $9.4 million for the same period in 1997 due to added capacities in the transportation and material-processing companies.

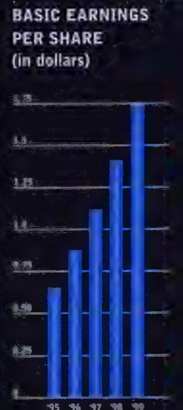
Interest and financing charges increased as a percentage of sales, to 1.7% from 1.1% in 1997. Interest expense increased by $8.5 million from $9.1 million due to higher level of loan utilization for capital spending purposes. The Group's fiscal 1998 capital expenditure program was financed with a combination of cash flow from operations, funds received from the exercise of stock options and debt proceeds.

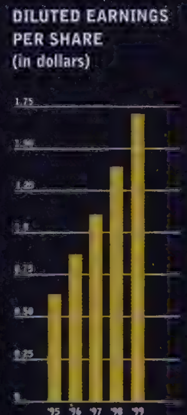
During fiscal 1998, the Company wrote down a non-core asset property by $2.9 million net of tax. This non-cash write down reduced basic and fully diluted earnings per share by $0.03. Minority interest expense for fiscal 1998 decreased over fiscal 1997 primarily as a result of the elimination of the minority interest in the Group's chemical processing facility.

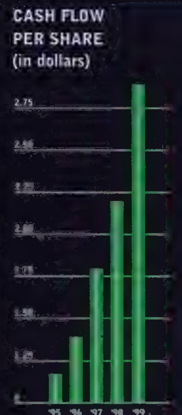
Net earnings in 1998, excluding the $2.9 million non-cash land write down, increased by $27.3 million or 30% to a record $119 million or 11.3% of sales from $91.7 million or 10.8% of net sales for the previous year. Including the non-cash land write down net earnings increased 27% over 1997.

On a fully diluted basis, earnings per share for fiscal 1998 was $1.38, or $1.41 per share excluding the non-cash land write down, net of income taxes. This is an improvement over the fiscal 1997 fully diluted earnings per share of $1.11. The average number of shares outstanding for fiscal 1998 on a fully diluted basis was approximately 93.9 million or approximately 3.6 million higher than in fiscal 1997 primarily as a result of the issuance of shares under the stock option plan.









LIQUIDITY AND CAPITAL RESOURCES

CASH FLOW

In fiscal 1999, the Company generated cash flow of $243.8 million or $2.84 per share, an improvement of $56.9 million or 30.4% over $186.9 or $2.22 per share generated in the prior year. During the three years ended September 30, 1999, the Group's cash flow aggregated $574.2 million, representing an average annual cash flow of $191.4 million. For fiscal 2000, management believes that the Group will continue to generate improved cash flow, and cash flow will continue to be used as a primary source of funds for investing activities.

WORKING CAPITAL

A summary of Royal Group's consolidated working capital position at September 30, 1999 and 1998 is set out below:

	1999	1998
Working capital	**181.2**	198.6
Current ratio	**1.45:1**	1.77:1

Working capital was $181 million at September 30, 1999 compared to $199 million at September 30, 1998. As a measure of asset management, a 4% decrease in days receivable was experienced in 1999 while a 1% increase in days inventories occurred. Management continues to focus efforts aimed at reducing the Group's operating cycle.

CAPITAL SPENDING

Capital spending including acquisitions, for the years ended September 30, 1999 and 1998 is summarized below:

	1999	1998
Capital expenditures	**270.0**	300.1
Acquisitions	**160.5**	63.3
Total	**430.5**	363.4

For the year ended September 30, 1999, capital expenditures amounted to $270 million compared to $300.1 million for the same period last year. Approximately $138.6 million was expended in the support segment, including $88 million for additions to manufacturing facilities and $32.5 million for added capacities in the material processing companies. The remaining $131.4 was expended in the products segment primarily for added capacities.

During 1999, the Company acquired either 100% or controlling interest in certain businesses for aggregate consideration of $160.5 million representing net assets of $118.4 million and goodwill of $42.1 million. The largest acquisition during the year occurred in December with the acquisition of Imperial Oil's PVC resin manufacturing facility located in Sarnia, Ontario. This represented a very strategic acquisition providing the Group with control over both supply and quality of resin, the Group's largest raw material cost component.

For fiscal 2000, excluding possible business acquisitions, the Company anticipates a net investment in capital assets in the range of $250 to $300 million primarily for the continued development of our 205 acre industrial park located north of Toronto, increasing capacities in custom profile and siding product lines. It is anticipated the industrial park will be substantially completed in calendar year 2000. At the conclusion of Fiscal 2000 the Group will have capital assets in place that will allow us to deliver substantially larger business volumes with relatively little need for incremental capital expenditures. The Group's investment in larger manufacturing facilities and increased capacities provides the largest opportunity to increase shareholder value simply by increasing sales volumes and cash flow through the business.

The Group continues to explore additional business opportunities in order to strengthen and enhance future growth prospects and to expand existing product lines. It is anticipated that such acquisitions or start-ups would be financed from cash flow generated from operations, working capital and existing bank credit facilities.

LONG TERM DEBT AND FINANCIAL INSTRUMENTS

In March 1999, the Company's syndicate of banks agreed to increase its credit facilities to $600 million, of which approximately $221 million was not utilized at September 30, 1999. At year end the funded debt to total capitalization was 45% and increased from the prior year due to increased financing used for the Company's current capital spending program.

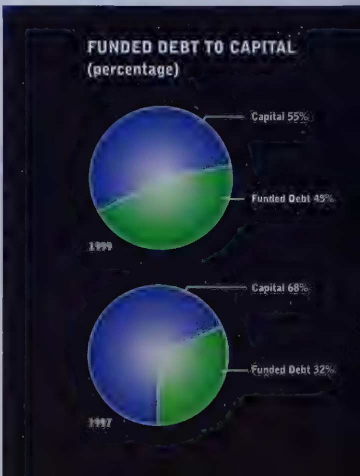
On November 13, 1997, Royal Group issued U.S.$165 million of 5 and 10 year notes bearing interest rates of 6.84% and 7.10% respectively.

Management believes that Royal's anticipated cash flow and available credit under its working capital and term financing arrangements will be sufficient to meet its working capital, capital expenditure program including potential business acquisitions currently being explored, as well as debt service requirements, including the seasonal natures thereof.

RISKS AND UNCERTAINTIES

YEAR 2000 COMPLIANCE

In 1998, the Company initiated an enterprise-wide program to address the business and computer systems concerns presented by the year 2000 issue. Through a combination of internally staffed projects in each operating unit, third party consultants and strategic systems upgrades and replacement, the Company's goal was to have all systems essential to its operations year 2000 compliant by September 1999.



Costs incurred to date on year 2000 compliance have been immaterial and are expensed as incurred; the Group expended approximately $1 million in fiscal 1999 in connection with year 2000 compliance. A significant proportion of these costs were not incremental costs to the Company, but rather represented the redeloyment of existing information technology resources.

Although the Company is currently satisfied that our state-of-the-art extrusion production equipment is currently year 2000 compliant, there can be no guarantee that the systems of other companies on which the Company's operations ultimately rely will be converted in a timely manner, or that a failure to convert by another company would not have a material adverse effect on the Company.

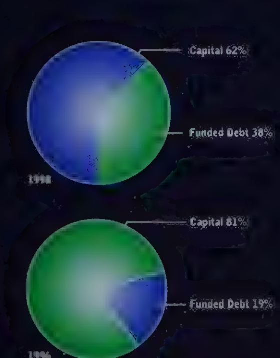
OTHER RISKS

Royal operates in many markets each of which involves various known and unknown risk factors and uncertainties and other factors affecting Royal specifically or these markets generally. Royal's future performance could be affected by these important factors, which in some cases have affected, and which in the future could affect, Royal's actual results and could cause Royal's actual results for 2000 and beyond to differ materially from those expressed in any forward-looking statements made by or on behalf of Royal. These risks and uncertainties include fluctuations in the level of renovation, remodeling and to a lesser extent construction activity, changes in Royal's product costs and pricing, changes in Royal's product mix, the growth rate of the markets in which Royal's products are sold, market acceptance and demand for Royal's products, changes in availability or prices for raw materials, pricing competition, difficulty in developing and introducing new products, failure to penetrate new markets effectively (particularly in developing countries) difficulty in preserving proprietary technology, changes in environmental regulation and currency risk exposure. Certain of these risks and uncertainties are described in more detail below.

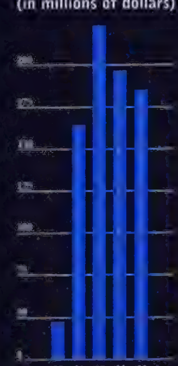
- Royal's business is substantially related to the North American renovation, remodeling and construction markets, both residential and industrial/commercial. Therefore, the demand for the products manufactured and distributed by Royal is affected by changes in the general state of the North American economy, including renovation and remodeling, new housing starts and the level of construction activity in general.
- The price and availability of raw materials, and in particular PVC resin, represents a substantial portion of the cost of manufacturing Royal's products. Historically, there have been fluctuations in these raw materials prices and in some instances price movements have been volatile and affected by circumstances beyond Royal's control. Generally, Royal has been able to pass on increases from normal market fluctuations in the price of PVC resin to its customers through increases in selling price, or otherwise absorb such costs increases without significantly affecting its margins. However, there can be no assurance that the market will, in the future, respond favorably to such selling price increases or that Royal will be able to otherwise absorb such cost increases without significantly affecting its margins. In addition, the industry has occasionally found certain raw materials to be in short supply.
- As the Company continues to expand the scope of its activities in foreign markets, it becomes exposed to a greater risk of foreign exchange fluctuations. The Company attempts to minimize risks associated with currency fluctuations through matching the currency of debt financing and the currency of certain raw material purchases to the currency of sales or asset acquisitions. While Royal has not entered into significant market instruments with respect to foreign exchange hedging in the past, it may, if deemed necessary, do so in a prudent fashion, in the future. The Company does not purchase derivative instruments beyond those needed to hedge foreign currency requirements.

OUTLOOK FOR 2000

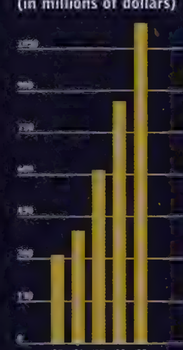
Looking toward 2000, the Company anticipates strong sales and net earnings growth rates consistent with recent trends through increased volumes in all of Royal Group's product lines, contributions from new products, new markets and business development activities.



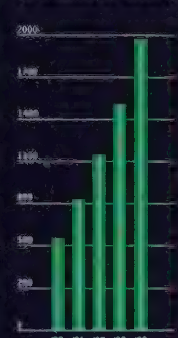
WORKING CAPITAL
(in millions of dollars)



PROPERTY, PLANT AND EQUIPMENT
(in millions of dollars)



TOTAL ASSETS
(in millions of dollars)



Management's Report to the Shareholders

Preparation of the consolidated financial statements accompanying this annual report and the presentation of all other information in this report is the responsibility of management. The financial statements have been prepared in accordance with appropriate and generally accepted accounting principles and reflect management's best estimates and judgements. All other financial information in the report is consistent with that contained in the financial statements. The Company maintains appropriate systems of internal control, policies and procedures which provide management with reasonable assurance that assets are safeguarded and that financial records are reliable and form a proper basis for preparation of financial statements.

The Board of Directors ensures that management fulfills its responsibilities for financial reporting and internal control through an Audit Committee which is comprised solely of independent directors. The Audit Committee reviewed the consolidated financial statements with management and external auditors and recommended their approval by the Board of Directors.

The consolidated financial statements have been audited by KPMG LLP, Chartered Accountants. Their report stating the scope of their audit and their opinion on the consolidated financial statements is presented below.

Vic De Zen
Chairman, President
and Chief Executive Officer

Gary Brown
Executive Vice President
and Chief Financial Officer

Auditors' Report to the Shareholders

We have audited the consolidated balance sheets of Royal Group Technologies Limited as at September 30, 1999 and 1998 and the consolidated statements of earnings, retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 1999 and 1998 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in Canada.

Accounting principles generally accepted in Canada vary in certain significant respects from accounting principles generally accepted in the United States. Application of accounting policies generally accepted in the United States would have affected the financial statements to the extent summarized in note 19 to the consolidated financial statements.

KPMG LLP

Chartered Accountants
Toronto, Canada
November 19, 1999

CONSOLIDATED BALANCE SHEETS

September 30, 1999 and 1998
(in thousands of Canadian dollars)

	1999	1998 (restated Note 1 (g))
ASSETS		
Current assets:		
Accounts receivable (note 4)	**$ 292,457**	$ 224,284
Inventories (note 5)	**279,181**	223,125
Prepaid expenses and deposits	**11,353**	7,866
	582,991	455,275
Property, plant and equipment (note 6)	**1,159,362**	858,515
Goodwill and other assets (note 7)	**238,005**	187,610
	$1,980,358	$1,501,400
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Bank indebtedness (note 9)	**$ 170,314**	$ 94,924
Accounts payable and accrued liabilities (note 8)	**230,993**	161,232
Term debt due within one year (note 9)	**466**	487
	401,773	256,643
Term debt (note 9)	**577,431**	394,790
Deferred income taxes	**68,670**	41,346
Minority interest	**19,283**	29,067
Shareholders' equity:		
Capital stock (note 10)	**450,708**	438,704
Retained earnings	**492,374**	342,405
Currency translation adjustments	**(29,881)**	(1,555)
	913,201	779,554
	$1,980,358	$1,501,400

See accompanying notes to consolidated financial statements.

On behalf of the Board:

Director

Director

CONSOLIDATED STATEMENTS OF EARNINGS

Years ended September 30, 1999 and 1998
(in thousands of Canadian dollars, except per share amounts)

	1999	1998 (restated Note 1 (g))
Net sales	**$1,282,004**	$1,050,103
Cost of sales and operating expenses	**(952,902)**	(799,103)
Operating margin	**329,102**	251,000
Amortization charges (note 12)	**(67,134)**	(50,033)
Interest and financing charges (note 13)	**(31,377)**	(17,617)
Writedown of land held for future use	**–**	(2,900)
Earnings before income taxes and minority interest	**230,591**	180,450
Income taxes (note 14)	**(79,182)**	(64,712)
Earnings before minority interest	**151,409**	115,738
Minority interest	**(1,440)**	355
Net earnings	**$ 149,969**	$ 116,093
Basic earnings per share (note 11)	**$ 1.75**	$ 1.38

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

Years ended September 30, 1999 and 1998
(in thousands of Canadian dollars)

	1999	1998 (restated Note 1 (g))
Retained earnings, beginning of year:		
As previously reported	**$ 377,925**	$ 257,901
Adjustment for change in accounting policy (note 1(g))	**(35,520)**	(31,589)
Retained earnings, beginning of year as restated	**342,405**	226,312
Net earnings	**149,969**	116,093
Retained earnings, end of year	**$ 492,374**	$ 342,405

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended September 30, 1999 and 1998
(in thousands of Canadian dollars, except per share amounts)

	1999	1998 (restated Note 1 (g))
Cash flows provided from (used in):		
Operating activities:		
Earnings before minority interest	**$ 151,409**	$ 115,738
Add back items not affecting cash (note 16)	**92,435**	71,177
Change in non-cash operating working capital (note 17)	**(41,817)**	(50,946)
	202,027	135,969
Investing activities:		
Acquisitions of property, plant and equipment	**(270,004)**	(300,607)
Acquisition of other businesses	**(154,924)**	(42,340)
Increase in investments	**(12,151)**	(15,993)
Increase in other assets	**(760)**	(1,675)
	(437,839)	(360,615)
Financing activities:		
Increase in bank indebtedness	**75,390**	94,924
Term debt proceeds	**185,000**	240,470
Term debt repayments	**(4,016)**	(153,744)
Issuance of shares under stock option plan	**6,447**	24,145
	262,821	205,795
Effect of exchange rate changes	**(27,009)**	13,290
Decrease in cash	**–**	(5,561)
Cash, beginning of year	**–**	5,561
Cash, end of year	**$ –**	$ –
Cash flow (being earnings before minority interest plus items not affecting cash)	**$ 243,844**	$ 186,915
Basic cash flow per share	**$ 2.84**	$ 2.22

Cash interest and income taxes paid during the year were
$44,331 (1998 - $19,334) and $54,405 (1998 - $42,513) respectively.

	1999	1998
Non-cash investing and financing activities:		
Shares issued on acquisition of businesses (note 2)	**$ 5,557**	$ 20,940

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Years ended September 30, 1999 and 1998
(in thousands of Canadian dollars)

1. Significant accounting policies:

These consolidated financial statements have been prepared by management in accordance with accounting principles generally accepted in Canada, the more significant of which are outlined below. A reconciliation to accounting principles generally accepted in the United States is shown in note 19.

(a) Principles of consolidation:

These consolidated financial statements include the accounts of Royal Group Technologies Limited, its subsidiaries and its proportionate share of the accounts of its joint ventures. Investments in joint ventures have been proportionately consolidated based on the Company's ownership interest. All significant intercompany profits, transactions, and balances have been eliminated on consolidation.

(b) Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses for the year. Actual results could differ from those estimates.

(c) Inventories:

Inventories are stated at the lower of cost, determined using the first-in, first-out method, and replacement cost for raw materials and net realizable value for finished goods.

(d) Property, plant and equipment:

Property, plant and equipment is stated at cost less accumulated amortization. Interest expense relating to major capital expenditures is capitalized when significant interest costs are incurred before the capital facility commences production. Amortization is provided on a straight-line basis over the estimated useful lives of the assets using the following rates:

ASSET	RATE
Buildings	20 to 40 years
Plant equipment	10 to 15 years
Dies and moulds	4 to 10 years
Office and computer equipment	3 to 10 years
Aircraft and transport equipment	5 to 20 years

(e) Goodwill and other assets:

Goodwill is amortized on a straight-line basis over forty years. Goodwill is regularly evaluated by reviewing the returns of the related business, taking into account the risk associated with the investment. Any permanent impairment of goodwill would be written off against earnings.

Other assets, primarily being patents, are amortized on a straight-line basis over 5 to 17 years.

(f) Foreign currency translation:

Financial statements of self sustaining foreign operations are translated using the current rate method. Adjustments arising from this translation are deferred and recorded under a separate caption of shareholders' equity and are included in earnings only upon a reduction in the investment.

Foreign currency transactions are translated using the temporal method. Translation gains and losses are included in earnings, except for unrealized gains and losses arising from the translation of long-term monetary liabilities which are deferred and amortized over the remaining life of the related item.

(g) Change in accounting policy:

Effective October 1, 1998, the Company changed its policy for accounting for product development and start-up costs. Accordingly, these costs will be expensed as incurred rather than capitalized and amortized. This change was applied retroactively with the result that net earnings increased by $2,362, net of income taxes of $3,091 ($0.03 per share) in 1999 and decreased by $3,931, net of income taxes of $288 ($0.05 per share) in 1998.

(h) Comparative figures:

Certain 1998 figures have been restated to conform with the financial statement presentation adopted in 1999.

2. Business development:

Acquisitions of other businesses:

During 1999, the Company acquired either 100% or controlling interest in certain businesses for aggregate consideration of $143,865 in cash and subordinate shares. These acquisitions were accounted for by the purchase method and are summarized as follows:

Working capital	$ 27,618
Property, plant and equipment	79,628
Other long-term assets	4,148
	111,394
Term debt	(3,544)
Deferred income taxes	(710)
Minority interest	(4,625)
	102,515
Goodwill	41,350
Total purchase price	$143,865
Consideration:	
Share capital	$ 5,557
Cash	138,308
	$143,865

In addition, during 1999, the Company acquired minority interest of $15,849. The aggregate consideration of $16,616 was paid, generating goodwill of $767.

During 1998, the Company acquired either 100% or controlling interest in certain businesses for aggregate consideration of $23,188 in cash and subordinate shares. These acquisitions were accounted for by the purchase method and are summarized as follows:

Working capital	$ 15,254
Property, plant and equipment	4,095
	19,349
Term debt	(1,366)
Deferred income taxes	(736)
Minority interest	(1,260)
	15,987
Goodwill	7,201
Total purchase price	$ 23,188
Consideration:	
Share capital	$ 848
Cash	22,340
	$ 23,188

In addition, during 1998, the Company acquired minority interest of $13,013. The aggregate consideration was $40,092 consisting of cash and subordinate shares generating goodwill of $27,079.

Notes to Consolidated Financial Statements

Years ended September 30, 1999 and 1998
(in thousands of Canadian dollars)

3. Interest in joint ventures:

The Company's proportionate interest in joint ventures includes current assets of $4,799 (1998 - $4,289), property, plant and equipment of $5,016 (1998 - $5,376), current liabilities of $2,775 (1998 - $3,512) and long-term liabilities of $2,028 (1998 - $2,438). Operating results of the Company include sales of $24,815 (1998 - $19,958) and net earnings of $2,334 (1998 - $1,957) from its proportionate interest of joint venture operations.

Cash provided from operations of $1,752 (1998 - $2,988) and acquisitions of property, plant and equipment of approximately $1,875 (1998 - $1,176) related to its proportionate share of operations of certain joint ventures during the year.

4. Accounts receivable:

	1999	1998
Trade, net of allowance for doubtful accounts of $10,812 (1998 - $9,104)	**$ 278,229**	$ 209,704
Taxes and other	**14,228**	14,580
	$ 292,457	$ 224,284

5. Inventories:

	1999	1998
Raw materials	**$ 112,668**	$ 97,401
Finished goods	**166,513**	125,724
	$ 279,181	$ 223,125

6. Property, plant and equipment:

			1999	1998
	Cost	**Accumulated Amortization**	**Net Book Value**	Net Book Value
				(restated)
Land	**$ 81,007**	**$ –**	**$ 81,007**	$ 58,724
Buildings	**337,884**	**70,684**	**267,200**	223,629
Plant equipment	**680,722**	**183,493**	**497,229**	355,927
Dies and moulds	**109,722**	**59,582**	**50,140**	36,889
Office and computer equipment	**34,238**	**18,098**	**16,140**	10,207
Aircraft and transport equipment	**55,850**	**17,005**	**38,845**	36,207
	1,299,423	**348,862**	**950,561**	721,583
Assets under construction	**196,761**	**–**	**196,761**	120,414
Land held for future use	**12,040**	**–**	**12,040**	16,518
	$ 1,508,224	**$ 348,862**	**$ 1,159,362**	$ 858,515

Assets under construction are expected to be placed into productive use during fiscal 2000 and consist of land and buildings under construction of $89,467 (1998 - $84,685) and plant equipment under construction of $107,294 (1998 - $35,729). Capital expenditures during the year include $13,826 (1998 - $8,505) of capitalized interest costs.

7. Goodwill and other assets:

	1999	1998
		(restated)
Goodwill, net of accumulated amortization of $20,661 (1998 - $15,018)	**$ 197,444**	$ 161,410
Patents, net	**6,814**	4,345
Deferred financing costs, net	**1,167**	1,426
	205,425	167,181
Investments	**32,580**	20,429
	$ 238,005	$ 187,610

Notes to Consolidated Financial Statements

Years ended September 30, 1999 and 1998
(in thousands of Canadian dollars)

8. Accounts payable and accrued liabilities

	1999	1998 (restated)
Trade	**$ 183,872**	$ 137,816
Taxes and other	**47,121**	23,416
	$ 230,993	$ 161,232

9. Bank indebtedness and term debt:

The Company has a revolving $600,000 (1998 - $400,000) unsecured credit facility with a syndicate of banks of which $379,600 was drawn at September 30, 1999 (1998 - $117,800). The facility consists of a $350,000 (1998 - $150,000) operating loan for working capital requirements, that bears interest at prime or at 0.525% (1998 - 0.225%) over bankers' acceptances rates or LIBOR plus a facility fee of 0.15% (1998 - 0.075%) payable quarterly in advance, and $250,000 (1998 - $250,000) of term debt for acquisitions and capital expenditures, that bears interest at prime or at 0.650% (1998 - 0.350%) over bankers' acceptances rates or LIBOR plus a facility fee of 0.175% (1998 - 0.10%) payable quarterly in advance, expiring in October 2002 (1998 - October 2001).

	1999	1998
Revolving unsecured credit facility:		
Operating:		
Bankers' acceptances advances	**$ 145,000**	$ –
Term:		
Bankers' acceptances advances	**40,000**	–
Senior notes (US $100,000), unsecured, bearing interest at 7.17% on US $75,000 and 7.31% on US $25,000, principal repayments due annually from August 2001 through to 2006	**146,670**	153,120
Senior notes (US $165,000), unsecured, bearing interest at 6.84% on US $50,000 and 7.10% on US $115,000, principal repayments due November 2002 and November 2007 respectively	**242,005**	252,648
Term debt requiring periodic principal repayments	**8,317**	8,829
Deferred foreign exchange loss	**(4,095)**	(19,320)
Total term debt	**577,897**	395,277
Term debt due within one year	**(466)**	(487)
	$ (577,431)	$ (394,790)

Principal repayments for the next five fiscal years are as follows:

2000	$ 466
2001	466
2002	22,477
2003	280,847
2004 and thereafter	273,641
	$577,897

10 . Capital stock:

Authorized share capital of the Company consists of the following;

(a) Unlimited number of preference shares:
Preference shares are issuable in series, with the designation of rights, privileges, restrictions and conditions to be determined by the Board of Directors prior to the issue of the first shares of a series. None of these shares are issued or outstanding.

(b) Unlimited number of subordinate voting shares and multiple voting common shares:

- (i) Subordinate voting shares:
  Each share is entitled to one vote per share at all meetings of shareholders and shall participate equally as to dividends with each multiple voting share.
- (ii) Multiple voting shares:
  Each share is entitled to 20 votes per share at all meetings of shareholders and shall participate equally as to dividends with each subordinate voting share. Each share may be converted at any time into a fully-paid subordinate voting share on a one-for-one basis.

In the event that either the subordinate voting shares or the multiple voting shares are subdivided or consolidated, the other class shall be similarly changed to preserve the relative position of each class. Under certain conditions, the sale or transfer of multiple voting shares shall cause such shares to be changed to subordinate voting shares.

(in thousands of Canadian dollars)

10. Capital stock (continued):

	Subordinate Voting No. of shares	Subordinate Voting Stated Value	Multiple Voting No. of shares	Multiple Voting Stated Value	Total No. of shares	Stated Value
Issued and outstanding at September 30, 1997	64,439,950	$ 375,209	17,635,444	$ 18,410	82,075,394	$ 393,619
Issued on acquisition of Companies	717,525	20,940	-	-	717,525	20,940
Issued for cash under stock option plan	2,844,907	24,145	-	-	2,844,907	24,145
Issued and outstanding at September 30, 1998	68,002,382	$ 420,294	17,635,444	$ 18,410	85,637,826	$ 438,704
Issued on acquisition of Companies	**150,000**	**5,557**	–	–	**150,000**	**5,557**
Issued for cash under stock option plan	**353,613**	**6,447**	–	–	**353,613**	**6,447**
Issued and outstanding at September 30, 1999	**68,505,995**	**$ 432,298**	**17,635,444**	**$ 18,410**	**86,141,439**	**$ 450,708**

The Company maintains a stock option plan to allow management and key operating personnel to purchase subordinate voting shares, substantially exercisable as to half on or after three years from the date of issue, the balance after six years from the date of issue. The maximum number of subordinate voting shares reserved to be issued for options cannot exceed 10,636,000 and all options expire nine years after the date of issue.

Stock Options:

	1999	1998
Balance, beginning of year	**9,674,333**	9,409,056
Granted during the year, at prices ranging from $25.15 to $43.40 per share (1998 - $31.05 to $46.60 per share)	**1,047,275**	3,233,434
Exercised during the year	**(353,613)**	(2,844,907)
Cancelled during the year	**(852,041)**	(123,250)
Balance, end of year	**9,515,954**	9,674,333

11. Earnings per share:

Basic and fully diluted net earnings per share have been calculated using the weighted average and maximum dilutive number of shares outstanding during the year of 85,862,042 (1998 - 84,214,148) and 94,920,221 (1998 - 93,888,481), respectively. Earnings per share on a fully diluted basis is $1.72 (1998 - $1.38).

12. Amortization charges:

	1999	1998 (restated)
Property, plant and equipment	**$ 60,682**	$ 45,694
Goodwill	**5,643**	4,176
Patents	**809**	163
	$ 67,134	$ 50,033

Notes to Consolidated Financial Statements

Years ended September 30, 1999 and 1998
(in thousands of Canadian dollars)

13. Interest and financing charges:

	1999	1998
Interest expense:		
Operating	**$ 10,187**	$ 1,821
Term and senior notes	**17,090**	13,508
Bank and financing charges	**2,284**	1,492
Amortization of deferred financing charges and foreign exchange loss	**1,816**	796
	$ 31,377	$ 17,617

14. Income taxes:

	1999	1998 (restated)
Earnings before income taxes and minority interest	**$ 230,591**	$ 180,450
Expected income taxes based on an effective manufacturing and processing income tax rate of approximately 36%	**83,013**	64,962
Changes in income taxes attributed to:		
Amortization of goodwill	**1,629**	1,420
Reduction due to income earned in foreign jurisdictions	**(3,953)**	(1,604)
Different effective income tax rates on earnings of certain subsidiaries and other	**(1,507)**	(66)
	$ 79,182	$ 64,712

The current tax provision for the year was $52,568 (1998 - $44,452) and the deferred tax provision was $26,614 (1998 - $20,260).

15. Segment reporting data:

During the year ended September 30, 1999, the Company adopted the segment disclosure requirements as provided for in the new recommendations of The Canadian Institute of Chartered Accountants and United States Financial Accounting Standards Board. The new recommendations establish standards for reporting information about operating segments in financial statements issued to shareholders. Operating segments are defined as components of an enterprise about which separate financial information is available and which are evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance.

The Company's significant operating segments are:

(i) Home improvement, consumer and construction products:
This represents production and sale of products predominately to the renovation and retrofit market which include window and door extruded profiles, window coverings, siding, pipe and pipe fittings, fencing, decking, doors, outdoor storage sheds and various applications of the Building System used to construct a broad array of structures.

(ii) Materials, machinery, real estate and transportation:
This represents companies that provide a majority of their output internally, including PVC resin and chemical additives manufactured and utilized to produce compounds utilized by the Products Segment. Equipment, transportation, research and development and other support services are also provided by this segment.

Performance is evaluated based on operating margin. The Company sells to a broad range of customers, none of which accounted for more than 2.9% of net sales (1998 - 2.1%).

The accounting policies for each of the segments are the same as those described in note 1. Inter-segment transactions are accounted for as if the transactions were to third parties, at market prices.

Segment Reporting Data

	Home improvement, consumer and construction products	Materials, machinery, real estate and transportation	Intra Group	Consolidated
For the year ended September 30, 1999				
Net sales	$ 1,242,065	$ 538,940	$ (499,001)	$ 1,282,004
Operating margin	211,070	118,032		329,102
Amortization charges	47,409	19,725		67,134
Total assets	1,150,122	830,236		1,980,358
Property, plant and equipment, net	547,746	611,616		1,159,362
Property, plant and equipment and goodwill additions	168,068	144,053		312,121
For the year ended September 30, 1998				
Net sales	$ 1,024,335	$ 391,204	$ (365,436)	$ 1,050,103
Operating margin	150,352	100,648		251,000
Amortization charges	34,788	15,245		50,033
Total assets	932,600	568,800		1,501,400
Property, plant and equipment, net	422,200	436,315		858,515
Property, plant and equipment and goodwill additions	152,960	181,927		334,887

Notes to Consolidated Financial Statements

Years ended September 30, 1999 and 1998
(in thousands of Canadian dollars)

15. Segment reporting data (continued):

Net sales to non-Canadian customers, including foreign based sales and exports from Canadian operations, represented 70% (1998 - 70%) of total net sales. Certain information with respect to geographic regions are presented below.

	Canada	US	Other	Total
For the year ended September 30, 1999				
Sales	$386,202	$758,701	$137,101	$1,282,004
Property, plant and equipment, net	845,834	181,035	132,493	1,159,362
Goodwill, net	94,166	91,731	11,547	197,444
For the year ended September 30, 1998				
Sales	$317,931	$589,554	$142,618	$1,050,103
Property, plant and equipment, net	608,542	140,192	109,781	858,515
Goodwill, net	67,318	86,830	7,262	161,410

16. Items not affecting cash:

	1999	1998 (restated)
Amortization charges	$ 67,134	$ 50,033
Amortization of deferred financing charges and foreign exchange loss	1,816	796
Deferred income taxes	26,614	20,260
Other	(3,129)	88
	$ 92,435	$ 71,177

17. Change in non-cash operating working options:

	1999	1998 (restated)
Accounts receivable	$ (54,851)	$ (37,634)
Inventories	(37,767)	(14,355)
Prepaid expenses and deposits	(4,678)	(1,309)
Accounts payable and accrued liabilities	55,479	2,352
	$ (41,817)	$ (50,946)

The change in non-cash operating working capital noted above is exclusive of non-cash working capital acquired through acquisitions.

18. Financial instruments and risk management:

(a) Foreign exchange:

The Company has significant investments denominated in US dollars, which gives rise to a risk that its investments may be adversely impacted by fluctuations in foreign exchange as measured against the Canadian dollar. The Company uses US dollar denominated loans to hedge its US dollar denominated investments. Any exchange gain or loss on these loans is offset against the exchange loss or gain arising on translation of the respective financial statements of the foreign operations included in the currency translation adjustments account shown as a separate component of shareholders' equity.

Fair value estimates of term debt are determined by references to current market prices for debt with similar terms and risks. As at September 30, 1999, the fair value of the Company's senior notes exceeded the book value of these obligations by $5,980 (1998 - $40,944) at year-end exchange rates.

(b) Derivative financial instruments:

The Company does not hold or issue financial instruments for trading purposes and does not hold any derivative instruments.

(c) Concentration of credit risk:

Concentration of credit risks in accounts receivable are limited due to the large number of customers comprising the Company's customer base throughout the world. The Company performs ongoing credit evaluations of its customers and establishes an allowance for doubtful accounts based on credit risk applicable to particular customers, historical trends and other relevant information.

(d) Fair values of financial instruments:

The fair values of bank indebtedness, accounts receivable, accounts payable and accrued liabilities and bankers' acceptances advances in the consolidated balance sheets approximate their carrying amounts due to the short-term maturities of these instruments.

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

(e) Uncertainty due to the Year 2000 Issue:

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the Company, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

19. Significant differences between Canadian and United States generally accepted accounting principles:

These consolidated financial statements have been prepared in accordance with generally accepted accounting principles in Canada ("Canadian GAAP"). In certain respects, GAAP in the United States ("US GAAP") differs from those in Canada. The following is a summary of the effect of significant differences in GAAP on the consolidated financial statements:

(a) Description of GAAP differences:

(i) Foreign exchange on term debt:
Canadian GAAP requires that unrealized gains and losses on the translation of long-term debt denominated in foreign currencies at current exchange rates be deferred and amortized over the term of the debt. Under US GAAP, such gains and losses are charged to earnings as period costs.

(ii) Earnings per share:
The weighted average number of common shares and common share equivalents used to calculate earnings per share under the provisions of FASB Statement No. 128 are as follows:

	1999	1998
Basic	85,862	84,214
Diluted	89,195	88,015

Notes to Consolidated Financial Statements

Years ended September 30, 1999 and 1998
(in thousands of Canadian dollars)

(iii) Product development costs:
Canadian GAAP permits the capitalization of product development costs if certain criteria are met. Under US GAAP, product development costs are expensed as incurred.

(iv) Change in accounting policy:
The Company's revised accounting policy for product development and start-up costs described in note 1(g) is consistent with the provisions of the American Institute of Certified Public Accountants Statement of Position 98-5, "Reporting on the Costs of Start-Up Activities" (SOP 98-5). However, under SOP 98-5, prior periods may not be restated for the change in accounting policy and the cumulative effect of adopting the new policy as at the beginning of 1999 is charged to the consolidated statements of earnings.

(b) Net earnings in accordance with US GAAP:

	1999	1998
Net earnings in accordance with Canadian GAAP	**$ 149,969**	$ 116,093
Impact on net earnings of US GAAP adjustments:		
Foreign exchange on term debt (note 19(a)(i))	**15,225**	(17,300)
Effect of change in accounting policy for product development and start-up costs	**(41,841)**	3,931
Product development costs (note 19(a)(iii))	**–**	1,173
Other deferred charges	**–**	(535)
Tax effect of adjustments	**6,983**	5,998
Net earnings based on US GAAP	**$ 130,336**	$ 109,360
Foreign currency translation adjustment	**$ (28,326)**	$ (1,824)
Comprehensive income based on US GAAP	**$ 102,010**	$ 107,536
Basic earnings per share	**$ 1.52**	$ 1.30
Diluted earnings per share	**$ 1.46**	$ 1.24

(c) Shareholders' equity in accordance with US GAAP:

	1999	1998
Shareholders' equity in accordance with Canadian GAAP	**$ 913,201**	$ 779,554
Foreign exchange on term debt (note 19(a)(i))	**(4,095)**	(19,320)
Product development costs (note 19(a)(iii)	**–**	(7,850)
Other deferred charges	**–**	(1,474)
Effect of change in accounting policy for product development and start-up costs	**–**	35,520
Tax effect of adjustments	**1,474**	10,312
Shareholders' equity in accordance with US GAAP	**$ 910,580**	$ 796,742

(d) Effect on consolidated balance sheets:
The application of US GAAP would result in the following presentation on the consolidated balance sheets:

	1999	1998
Goodwill and other assets	**$ 238,005**	$ 227,243
Term debt	**581,992**	414,597
Deferred income taxes	**67,196**	46,679

(e) Other disclosures:

(i) Income taxes:
US GAAP requires that deferred income taxes be accounted for under the liability method whereas Canadian GAAP requires the use of the deferral method. The difference between these two methods does not have a material effect on the amount of deferred income taxes in the consolidated financial statements except as disclosed above.

The deferred tax balance under US GAAP consists of deferred tax assets and deferred tax liabilities. The following are the major components of the deferred income taxes under US GAAP in the consolidated balance sheets as at September 30:

	1999	1998
Deferred tax assets:		
Share issue costs	**$ 1,078**	$ 2,466
Deferred tax liabilities:		
Property, plant and equipment	**(68,274)**	(43,896)
Deferred charges	**–**	(5,249)
	(68,274)	(49,145)
Net deferred tax liabilities	**$ (67,196)**	$ (46,679)

The tax provision under US GAAP for each of the years ended September 30 consists of the following:

	1999	1998
Current provision:		
Canadian	**$ 47,342**	$ 40,829
Foreign	**4,340**	4,040
	51,682	44,869
Deferred tax provision:		
Canadian	**17,950**	11,040
Foreign	**2,567**	2,516
	20,517	13,556
Total tax provision under US GAAP	**$ 72,199**	$ 58,425

(ii) Accounting for employee stock options:
US GAAP encourages but does not require companies to record compensation cost for stock option plans at fair value. The Company has chosen to continue to account for stock options using the intrinsic value method as permitted under US GAAP. The United States accounting pronouncement Financial Accounting Standards Board No. 123 (SFAS 123) does, however, require the disclosure of pro forma earnings and earnings per share information as if the Company had accounted for its employee stock options issued in 1995 and subsequent years under the fair value method.

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions by year:

(in thousands of Canadian dollars)

Assumptions	1999	1998
Risk-free interest rate	**5.0%**	5.29%
Expected life (in years)	**4.2**	5.6
Expected volatility	**30.3%**	22.37%

Had compensation cost for the Plan been determined based on the fair value at the grant dates for awards under the plan consistent with the method described in SFAS 123, the Company's net earnings and net earnings per share would have been reduced to the pro forma amounts indicated below:

	1999	1998
Net earnings:		
As reported	**$ 130,336**	$ 109,360
Pro forma	**119,920**	101,367
Basic net earnings per share:		
As reported	**1.52**	1.30
Pro forma	**1.40**	1.20
Diluted net earnings per share:		
As reported	**1.46**	1.24
Pro forma	**1.34**	1.15

The weighted average grant date fair values of options issued in 1999 and 1998 were $10.59 and $11.98 respectively.

The following table summarizes information about options outstanding at September 30, 1999:

		Options Outstanding Weighted-Average			Options Exercisable	
Range of Exercise Prices		Number Outstanding	Remaining Life	Exercise Price	Number Exercisable	Weighted Average Exercise Price
$7.15	$15.30	3,522,823	4.2	$10.97		
$16.25	$21.89	585,569	5.5	$18.96	77,122	$20.05
$23.95	$29.40	1,628,000	7.0	$26.86	720,000	$25.77
$30.76	$36.14	3,307,787	7.2	$35.00		
$37.62	$46.60	471,775	8.4	$38.94		
		9,515,954			797,122	

(iii) New US Accounting Standards:
In June 1998, the FASB issued SFAS No. 133 "Derivative Instruments and Hedging Activities" as amended by SFAS 137 effective for fiscal quarters beginning after June 15, 2000. SFAS No. 133 requires that the Company report all derivative instruments on the consolidated balance sheets at fair value. Management has not determined the impact of adoption of SFAS No. 133 on its US GAAP disclosures.

Supplementary Financial Information

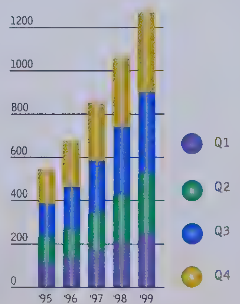
Quarterly Data[1]

(In thousands of Canadian dollars, except per share amounts)

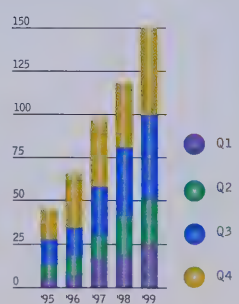
Currently the Company operates substantially in the North American renovation, remodeling and construction markets, which are seasonal. Accordingly, approximately three-fifths of Royal's net sales and operating margin and two thirds of its net earnings occur in its last two quarters. As such, sales, operating margins and net earnings as a percentage of sales have historically been significantly different in the earlier quarters, or on a by-quarter basis, as compared to an annualized amount or rate.

	Q1	Q2	Q3	Q4	Total
Corporate Operating Results – Fiscal 1999					
Net sales	260,700	272,063	371,628	377,614	**1,282,004**
Operating margin	59,477	63,631	99,282	106,712	**329,102**
Earnings from operations	39,144	40,181	74,525	76,741	**230,591**
Net earnings	25,083	25,445	47,715	51,726	**149,969**
Basic earnings per share	$0.29	$0.30	$0.56	$0.60	**$1.75**
Corporate Operating Results – Fiscal 1998					
Net sales	211,436	229,344	304,098	305,225	**1,050,103**
Operating margin	46,346	57,558	78,180	78,916	**251,000**
Earnings from operations	31,040	31,806	60,138[2]	60,365	**183,350**[2]
Net earnings	18,402	19,028	39,725[2]	41,837	**118,993**[2]
Basic earnings per share	$0.22	$0.23	$0.47[2]	$0.49	**$1.41**[2]
Corporate Operating Results – Fiscal 1997					
Net sales	174,492	175,539	240,098	258,612	**848,741**
Operating margin	36,448	35,922	60,910	66,078	**199,428**
Earnings from operations	23,322	23,228	47,096	53,003	**146,649**
Net earnings	13,975	14,473	30,488	32,727	**91,663**
Basic earnings per share	$0.17	$0.18	$0.38	$0.40	**$1.13**
Corporate Operating Results – Fiscal 1996					
Net sales	130,401	133,442	196,215	215,034	**675,092**
Operating margin	23,982	24,574	48,635	55,253	**152,442**
Earnings from operations	14,019	14,252	36,451	42,597	**107,319**
Net earnings	8,802	9,017	23,281	26,053	**67,153**
Basic earnings per share	$0.12	$0.12	$0.30	$0.33	**$0.87**
Corporate Operating Results – Fiscal 1995					
Net sales	113,621	119,343	149,515	152,574	**535,053**
Operating margin	19,652	20,772	34,811	36,374	**111,609**
Earnings from operations	9,635	11,641	25,658	26,685	**73,619**
Net earnings	5,455	7,014	16,334	17,809	**46,613**
Basic earnings per share	$0.10	$0.10	$0.22	$0.24	**$0.66**

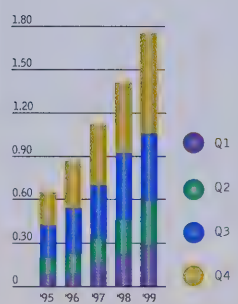
Quarterly Net Sales
(in millions of dollars)



Quarterly Net Earnings
(in millions of dollars)



Quarterly Basic EPS
(in dollars)



Ten-Year Summary of Statements of Earnings[3][4]

For the years ended September 30
(In thousands of Canadian dollars)

	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
Net Sales	**1,282,004**	1,050,103	848,741	675,092	535,053	466,810	368,388	315,564	266,317	261,645
Cost of sales and operating expenses	**(952,902)**	(799,103)	(649,313)	(522,650)	(423,444)	(360,557)	(286,904)	(244,589)	(212,128)	(203,869)
Operating margin	**329,102**	251,000	199,428	152,442	111,609	106,253	81,484	70,975	54,189	57,776
Operating margin percentage	**25.7%**	23.9%	23.5%	22.6%	20.9%	22.8%	22.1%	22.5%	20.3%	22.1%
Amortization	**(67,134)**	(50,033)	(43,624)	(36,932)	(28,095)	(23,902)	(20,552)	(18,536)	(17,841)	(13,541)
Interest and financing charges	**(31,377)**	(17,617)	(9,155)	(8,191)	(9,895)	(17,597)	(20,387)	(19,771)	(25,002)	(21,335)
Earnings from operations	**230,591**	183,350	146,649	107,319	73,619	64,754	40,545	32,668	11,346	22,900
Management shareholder bonuses	**-**	-	-	-	-	(8,079)	(5,446)	(1,979)	(1,578)	(2,454)
Unusual items	**-**	(2,900)	-	-	-	5,815	-	-	-	-
Earnings before income taxes and minority interest	**230,591**	180,450	146,649	107,319	73,619	62,490	35,099	30,689	9,768	20,446
Income taxes	**(79,182)**	(64,712)	(52,721)	(38,772)	(26,142)	(18,982)	(12,666)	(10,527)	(1,377)	(10,317)
Earnings before minority interest	**151,409**	115,738	93,928	68,547	47,477	43,508	22,433	21,162	8,391	10,129
Minority interest	**(1,440)**	355	(2,265)	(1,394)	(864)	(2,168)	(734)	(722)	(195)	(332)
Net earnings[3]	**149,969**	116,093	91,663	67,153	46,613	41,340	21,699	19,440	8,196	9,797
Basic EPS[3]	**1.75**	1.38	1.13	0.87	0.66	-	-	-	-	-

(1) Quarterly information is unaudited.
(2) Prior to $2,900 (or $0.03 per share) write down of non-core land in fiscal 1998.
(3) 1994-90 pre IPO net earnings and operating margin are unadjusted on a pro-forma basis. Royal commenced trading on the Toronto Stock Exchange in November 1994.
(4) Fiscal 1998 to1992 have been restated to reflect the change in accounting method for product development and start-up costs as described in note 1(g) of the consolidated financial statements.

OUTSTANDING SHARE INFORMATION

(as at September 30, 1999 and 1998)

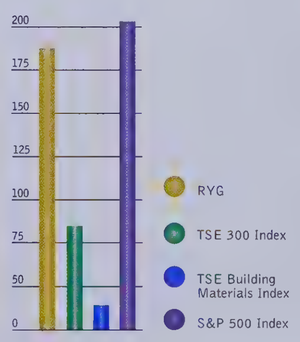
	1999	1998
Multiple Voting Shares	17,635,444	17,635,444
Subordinate Voting Shares	68,505,995	68,002,382
Total shares outstanding	85,141,439	85,637,826

Total options outstanding as at September 30, 1999 are 9,515,954 (1998 - 9,674,333).

Dividend Policy: Royal's policy is to retain its earnings to finance growth and development of its business and Royal does not expect to pay dividends in the foreseeable future. The Board of Directors will review this policy from time to time in the context of Royal's earnings, financial position and other relevant factors.

ROYAL GROUP SUBORDINATE VOTING SHARE PERFORMANCE VS. MARKET INDICES

Percentage change from November 30th 1994 to November 30th 1999



TRADING DATA (STOCK SYMBOL: RYG)

	High (TSE)	Low (TSE)	Close (TSE)	Volume (000's)
Fiscal 2000				
First Quarter to November 30, 1999	32.75	24.75	31.80	7,990 **
Fiscal 1999				
First Quarter	36.00	23.00	34.05	8,169**
Second Quarter	39.45	33.50	37.20	6,356**
Third Quarter	44.40	36.75	43.25	9,497**
Fourth Quarter	44.00	31.10	31.55	7,590**
Total				31,612
Fiscal 1998				
First Quarter	41.25	30.00	33.30	11,367**
Second Quarter	47.25	31.00	46.15	9,187**
Third Quarter	48.00	36.00	42.40	7,434**
Fourth Quarter	42.95	25.50	25.85	11,033**
Total				39,021
Fiscal 1997				
First Quarter	26.40	22.50	25.35	5,526**
Second Quarter	30.50	24.90	29.50	5,630**
Third Quarter	38.75	27.00	37.00	8,391**
Fourth Quarter	43.50	33.85	39.35	7,738**
Total				27,285
Fiscal 1996				
First Quarter	19 7/8	17 1/8	19 3/4	2,478 *
Second Quarter	22 7/8	19 5/8	21 5/8	4,850 *
Third Quarter	22.15	19.40	20.75	6,820**
Fourth Quarter	23.85	19.05	23.25	4,520**
Total				18,668
Fiscal 1995				
First Quarter	$ 11 1/4	$ 10 3/4	$ 11	1,785 *
Second Quarter	14 7/8	10 3/4	14 5/8	4,918 *
Third Quarter	19 1/2	14 1/8	18 7/8	9,121 *
Fourth Quarter	18 7/8	16 1/8	17 5/8	5,940 *
Total				21,764

* TSE & ME
** TSE, ME & NYSE

Normal Course Issuer Bid

The Toronto Stock Exchange recently accepted a Notice of Intention to make a normal course issuer bid filed by the Company. Under the terms of the normal course issuer bid, the Company proposes to purchase, if considered advisable, up to a maximum of 3,400,000 of its issued and outstanding Subordinate Voting Shares. The purchases, which could commence on November 29, 1999, will be made in the open market through the facilities of the Toronto Stock Exchange. The normal course issuer bid will remain in effect until the earlier of September 15, 2000 or until the Company has purchased the maximum number of Subordinate Voting Shares permitted under the bid.

Shareholders may obtain a copy of the Notice of Intention to make a normal course issuer bid, without charge by writing to:

Mark Badger
Vice President, Corporate Communications
Royal Group Technologies Limited
1 Royal Gate Blvd.,
Vaughan, Ontario, Canada
L4L 8Z7

Fax: (905) 264-0702
E-mail: mbadger@royplas.com

Y2K (YEAR 2000) READINESS

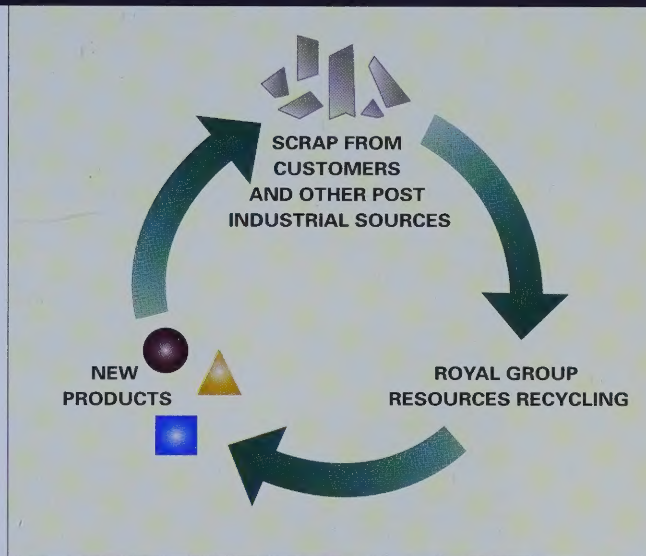
Well over a year ago, we began the process of evaluating our business and manufacturing systems' ability to make a smooth transition to the year 2000. The evaluation, which was completed early in 1999, determined that most critical business and manufacturing systems were capable of year 2000 operation.

All critical business systems identified as deficient during the evaluation process have now been replaced or upgraded. Those systems that have been remedied have also been tested and are now capable of year 2000 operation. We are now confident that our systems are fully capable of year 2000 operation. Contingency plans to ensure the operation of mission critical systems are part of our normal operational procedures. Costs related to year 2000 readiness were not material.

In order to carry on our business, we depend on certain key external suppliers, who have been asked to confirm that their products and services are capable of smooth transition to the year 2000. These suppliers are substantial organizations and we believe that they are Y2K compliant. However, we cannot guarantee that their operations will perform without error or consequence to our business during the rollover into year 2000.

2K Ready

With our business systems well prepared for the Year 2000 and our strategies for growth well established, we look forward with enthusiasm to the next millennium.



HELPING THE ENVIRONMENT

Plastic recycling continues to be a major focus of the Materials, Machinery, Real Estate and Transportation Segment. Over the past two decades, Royal has developed the world's largest PVC recycling facility of its kind. The facility recycles PVC scrap from a variety of industrial sources, including customers, which would otherwise be destined for landfill sites. A 300% expansion of Royal's PVC recycling facility is currently underway.

Recycling efforts have been broadened since the acquisition of Royal Ecoproducts to include the ability to manufacture building products from variety of plastic and waste streams. Significant strides were made in 1999 to increase the application of this unique technology with the construction of Royal Dynamics, a plant focussed on using this recycling technology. The initial capacity of the plant will be 10 million roof tiles per year and will be expanded as other new products come on stream, including bases for storage sheds, siding and door frames. This technology makes a significant contribution to environmental improvement by diverting post-industrial scrap materials from landfill sites.

In cooperation with the Vinyl Council of Canada, Royal participated in the creation and implementation of an Environmental Management Program in 1999, which is being adopted through the industry. Through the adoption of this voluntary initiative, Royal will further demonstrate its commitment to environmental performance by establishing guidance policies in the areas of environmental protection, resource conservation, waste management and product stewardship.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Vic De Zen
Royal Group Technologies Limited
Chairman, President and
Chief Executive Officer

Sergio De Zen
Royal Group Technologies Limited
Senior Executive Vice President
and Chief Operating Officer

Gary Brown
Royal Group Technologies Limited
Executive Vice President
and Chief Financial Officer

Douglas Dunsmuir
Royal Group Technologies Limited
Executive Vice President
and General Counsel

Gwain Cornish
Royal Group Technologies Limited
Senior Vice President

Mario Cadorette
Royal Window Coverings (Canada) Inc.
President

Gregory Sorbara*
The Sorbara Group, Partner

Ronald Slaght*
Lenczner Slaght Royce Smith Griffen Barristers,
Partner

Ralph Brehn*
Retired former President
of Hunter Douglas Canada Ltd.

Irvine Hollis
Former President of Duracell Inc.
Presently Management Consultant,
I Hollis Management
Consultants Inc.
Management Consultant

* Member of Audit Committee

EXECUTIVE OFFICERS

Vic De Zen
Chairman, President and
Chief Executive Officer

Sergio De Zen
Senior Executive Vice President
and Chief Operating Officer

Gary Brown
Executive Vice President and
Chief Financial Officer

Douglas Dunsmuir
Executive Vice President
and General Counsel

Gwain Cornish
Senior Vice President

TRANSFER AGENT AND REGISTRAR

Information regarding your shareholdings may be obtained by writing or calling the transfer agents:

Montreal Trust Company of Canada
151 Front Street West, 8th Floor
Toronto, Ontario M5J 2N1
Tel: (416) 981-9633 or 1-800-663-9097
Facsimile: (416) 981-9507
E-mail: faq@montrealtrust.com

Co-Transfer Agent (U.S.A.)
American Securities Transfer & Trust, Inc.
23rd floor, 1 Liberty Plaza
New York, New York 10006
Tel: (212) 225-5470
Fax: (212) 225-5436

SHAREHOLDER INQUIRIES

Responses to shareholder inquiries as well as information published by the Company for its shareholders and others, including annual reports, quarterly reports and annual information forms may be obtained from:

Investor Relations
Royal Group Technologies Limited
1 Royal Gate Blvd.,
Woodbridge, Ontario L4L 8Z7
Telephone: (905) 264-0701
Facsimile: (905) 264-0702
E-mail: info@royplas.com
Web site: www.royplas.com

ANNUAL MEETING

The annual meeting of shareholders of Royal Group Technologies Limited will be held February 22, 2000. The notice of and proxy materials were mailed to shareholders with this report.

STOCK EXCHANGE LISTINGS

Subordinate Voting Shares are
listed on The Toronto Stock Exchange and the
New York Stock Exchange.
Symbol: RYG

FINANCIAL INFORMATION

Security analysts and representatives of financial institutions are invited to contact:

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Executive Vice President
and Chief Financial Officer
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Mark Badger
Vice President,
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Facsimile: (905) 264-0702
mbadger@royplas.com

Auditors

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SIGNIFICANT MANUFACTURING OPERATIONS OUTSIDE OF CANADA & U.S.A.

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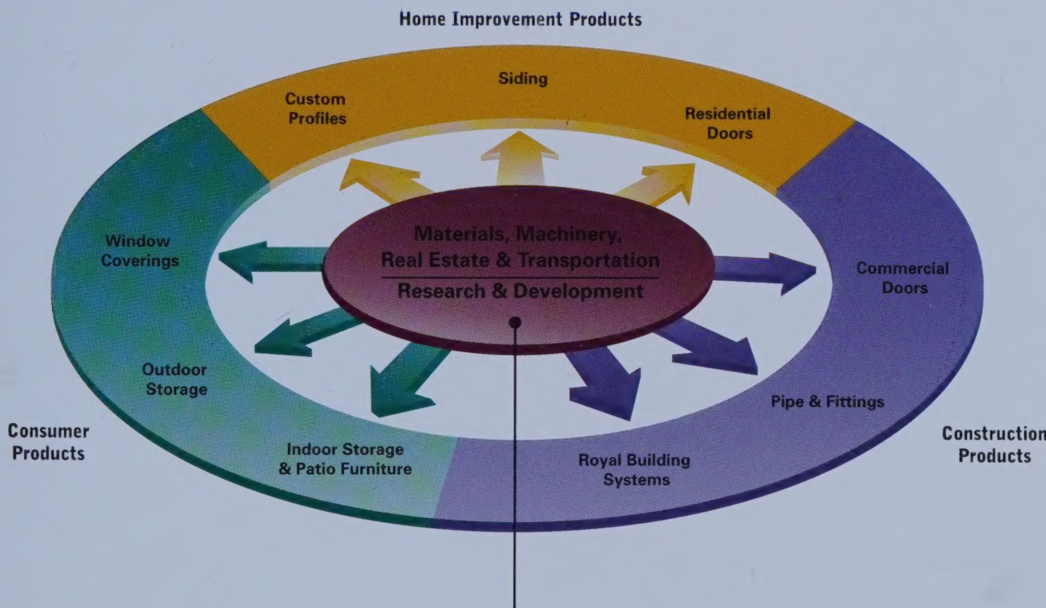
E-mail: royaleuropa@cuprum.com.pl

Ce rapport est également publié
en français.

Royal is a vertically integrated manufacturer of technologically advanced, polymer-based, home improvement, consumer and construction products.

Royal Group Technologies Limited



ROYAL'S "NUCLEUS" (VERTICAL INTEGRATION)

Materials
- Resin & Compound
- Additives
- Recycling

Machinery & Tooling
- Extrusion Equipment
- Tooling
- Computer Assisted Manufacturing Systems

Real Estate & Transportation
- Design & Engineering
- Construction & Electrical
- Property Management
- Transportation

The information in this document contains forward-looking statements with respect to Royal Group Technologies Limited, its subsidiaries and affiliates. By their nature, these forward-looking statements involve known and unknown risks, uncertainties and other factors affecting Royal specifically or its industry generally that could cause actual performance and financial results to differ materially from those contemplated by the forward-looking statements. These risks and uncertainties include fluctuations in the level of construction activity, changes in product costs and pricing, changes in product mix, the growth rate of the markets into which Royal's products are sold, market acceptance and demand for Royal's products, changes in availability or prices for raw materials, pricing pressures resulting from competition, difficulty in developing and introducing new products, failure to penetrate new markets effectively (particularly markets in developing countries), difficulty in preserving proprietary technology, changes in environmental regulations and other risks described from time to time in publicly filed disclosure documents and securities commission reports of Royal Group Technologies Limited and its subsidiaries and affiliates. Statements made in this document are made as of January 3, 2000 and Royal assumes no responsibility for updating such statements.

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Royal Group
TECHNOLOGIES